

## PO133: Foundations of Political Economy

### Week Two – The politics of markets

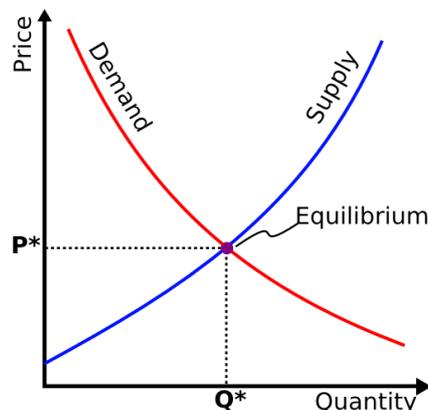
Both of this week's readings go against an image of markets that conceives of them as a *natural* occurrence; an expression of the innate human drive to truck and barter. This powerful image harks back to the dawn of classical political economy and a utopian vision of markets as the inevitable endpoint of modernisation, catalysing an unprecedented capacity for efficient resource allocation and wealth creation. However, the empirical claim that humans *naturally* organise in markets can be fundamentally problematised if we think about (a) their historical and contemporary alternatives and (b) their 'artificial' underpinnings. Moreover, the normative claim that markets (always) act as a force for good in people's lives is rendered ambiguous if we consider (c) the politics of markets and the violence and injustices inflicted on people in the name of 'marketisation'.

#### Readings:

Carruthers, B. G. & Babb, S. L. (2013), 'The embeddedness of markets', in *Economy/society: Markets, meanings, and social structure*, Thousand Oaks: SAGE Publications, 1-12.

Gregoratti, C. (no date) 'Handicraft' on I-PEEL website, available at: <http://i-peel.org/homepage/handicraft/> [accessed 12/10/18]

**Task 1: Let's talk about the lecture.** The invisible hand: rationality, competition, self-interest, commodification.



**Task 2: Historical and contemporary alternatives to markets.** Economies can be and have been organised by non-market institutions (for example kinship, community, state) and non-market norms (for example religious, communal and traditional), which have often limited what can be bought and sold, by whom on what terms.

- *What non-market forms of exchange are mentioned by Carruthers & Babb in the reading? What power relations do they imply?*
- *Think of two examples of non-market exchange in your own daily life: the exchange of a good and a service. Could they be organised as a market transaction?*
- *Now think of two market-exchanges. Could they be organised outside the market?*

**Task 3: ‘Artificial underpinnings’ of markets.** Carruthers & Babb highlight four ‘artificial’ preconditions of markets: property rights, supply & demand, money, and product information.

- *Are these preconditions given in the markets below? How are they organised?*
- *Which of the markets below is most likely to emerge spontaneously?*

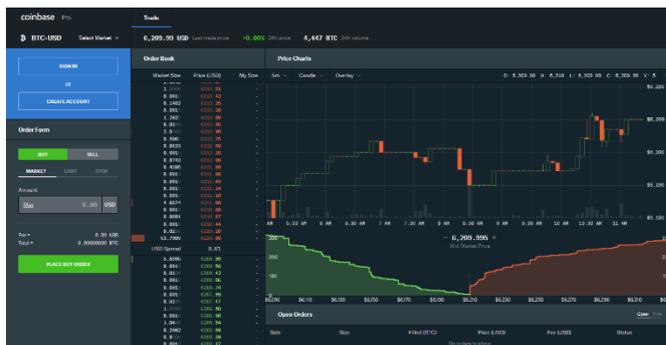
**Columbia Road Flower Market?**



**Informal labour market?**



**Coinbase (Bitcoin) Market?**



**Gumtree?**



**What is the point, why insist that markets are not natural?** In liberal, neo-liberal, or libertarian visions the seemingly natural emergence of markets often serves to de-politicise what is essentially a normative agenda of market-making. So, markets are turned into the preferred model for organising social life, while the social costs of and political resistances to their creation are ignored. Raising consciousness about the social construction of markets, in turn, means to re-politicise them; to think about the historical and political circumstances of their emergence; and to question the dynamics of power and violence that underpins them. It thus allows us to pose the core questions of political economic research to markets: *Who benefits, why, and how might it be changed?*

**Task 4: The politics of markets.** An important starting point to think about these questions is provided by Gregoratti’s (2017) piece on handicraft. On the one hand, it points to the hugely beneficial impact that the creation of a market for Rwandan baskets has had on Rwandan women’s lives. On the other hand, it raises a number of critical questions: *“Who exactly are the empowered women in reports that celebrate entrepreneurial success? What are the tensions between business owners and employees, or between traders and cooperatives?”*

4.1. Remembering the video in Gregoratti's piece, we might consider how being female, black, less educated, or rural overlaps with Joy Ndugutse's business relationship with Macy's CEO Terry Lundgren, who is male, white, probably educated and urban. Joy gets 8 dollars for a basket that takes around 4 days to make. Lundgren sells them for 46 dollars in his shop in New York. **Is there an exploitative relationship as well as an empowering one? Does the world market perpetuate structural inequalities, or does it serve to break with them?**

4.2. We might also question the notion of empowerment that is intrinsically linked to putting women into work and instilling an entrepreneurial mindset. Here, empowerment is identical with income that can be re-invested in health and schooling of children. When placed in the context of colonial rule the promotion of markets as a means to "*civilise and domesticate indigenous women*" is clearly problematic. **Is market-empowerment a forced choice? Is there a sense in which 'the market' decides for us, what we ought to do with our lives? Must 'empowerment' mean becoming an entrepreneur?**

4.3. A long tradition of critical political economic thinking holds that markets corrupt 'social' life. On this view, the agasekes start to lose their traditional power to symbolise love and friendship in the exchange of gifts during home visits or at weddings and are turned into soulless and mass-marketed home decorations. **Are markets destroying cultural difference and local customs of living? Are there particular things and actions that should never be offered on markets? Political influence, romantic dates?**

4.4. Under the US African Growth and Opportunity Act (AGOA) and the EU Everything But Arms (EBA), Rwanda's handcraft exports enjoy duty-free access to these consumer markets. **What does that tell us about the power relations between Rwanda and the EU? Whose companies profit from the deal? Can markets be an instrument of state power? Why could this be problematic?**

