

The totalising market in Marxist thought

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Abstract

In this article, I review Marxist writing on ‘the market’, highlighting two different lines of critique. In one, the market is subordinate to production and can be undermined depending on the strategic actions of capitalists. In the other, it exerts a ‘despotic’ power over individuals and society. I track the development of these lines of critique through 20th Century thought, firstly via Marxist political economists such as Rudolf Hilferding, and secondly via Western Marxism and Karl Polanyi. I argue that, in analysing neoliberalism, these aspects need to be interwoven in a multi-level critique of the ‘totalising market’. This argument takes inspiration from key passages of Marx’s own writing, particularly from the *Grundrisse*.

1. Introduction

How should Marxists treat the concept of ‘the market’? This question deserves attention because Marxist thought has typically been concerned with analysing the capitalist mode of production in totality, rather than with price-based competition as an economic organising mechanism. There are various reasons for this. One explanation could be that the two are assumed to be interchangeable—see, for example, Kotakowski’s (2008:1213) offhand invocation of ‘capitalism, i.e. the market’. This conflation should be avoided, however, because many Marxists have stressed how competitive markets can be *undermined* by capitalism (e.g. Hilferding, 1981). A more substantial Marxist argument against specific study of ‘the market’ might argue that doing so wilfully misunderstands the nature of capitalist society. For Marx, the market as understood in classical political economy serves to ‘mystify’ the class character of production which, after all, is the root of capitalist exploitation. Hence, to take markets as an analytical starting point is to abandon the most important parts of Marxist critique (Fine and Lapavitsas, 2000).

This is not the case, however, if we are interested in the role markets play *within* capitalist society. Clearly capitalism cannot exist without something constituting the ‘realm of circulation’, but does this have to take the form of a competitive market? If not, is the market a tool that capitalists may extend or retract in the service of accumulation? Or should it be critiqued more profoundly, as a coercive force operating over the subject and society itself? The impetus to consider these questions came from my involvement in a European Research Council-funded project entitled ‘The Effects of Marketisation on Societies’. The premise of the project is that market mechanisms have become increasingly dominant as a means of organising economic life, and the corresponding hypothesis is that this has undermined social institutions and exacerbated inequalities (see Greer and Doellgast, 2013). The belief guiding my own contribution here is that Marxist literature can help to better understand the nature and effects of markets; more so than other traditions such as economic sociology.

In what follows, I explore Marxist thought in order to examine the ways in which the concept of the market has been treated. I present a loosely chronological discussion beginning with Marx himself and ending with Marxist critiques of neoliberalism. From Marx’s own thought, two sides of the market emerge- firstly, a ‘strategic’ aspect where markets are subordinate to capitalist production; and secondly ‘the market’ as a mysterious ‘alien power’ in its own right. These aspects are considered as alternative paths through 20th Century Marxism, on one hand via writers such as Hilferding (1981) and Baran and Sweezy (1966), and on the other via Western Marxism. I highlight in particular the Marxist theme of ‘mystification’, showing how it enables these sides to be viewed as interwoven rather than simply different interpretations. This interweaving of the ‘strategic’ and ‘alien power’ aspects of the market is important to Marxist analyses of neoliberalism, resulting in a multi-level critique of what I term the ‘totalising market’. Before looking at Marx’s own writing, I address the idea of ‘the market’ in general, and consider debates over how it should be theorised.

2. *The market- its ‘strategic’ and ‘despotic’ aspects*

The concept of 'the market' is most prominent in liberal economic theory. Here, it is where *homo economicus* conducts transactions that further his or her material interest, in competition with other (similarly rational) individuals. In classical political economy, this process is the guiding force enabling an optimal allocation of resources. Under conditions of perfect competition, where new actors enter marketplaces freely and where prices respond to supply and demand- classical economic theory expects markets to equilibrate. Hence when things malfunction, the liberal response is often that markets have been too encumbered, disrupting free competition (recently, this argument has appeared somewhat counter-intuitive, but it continues to be made).

In *Capital*, Marx sought to engage the classical political economists on their own terms. Hence, he abstracted from historical factors to argue that, even assuming perfect market conditions, capital remains capable of failing entirely on its own merits. In assuming these conditions, Marx has attracted methodological criticisms from at least two angles. Firstly, these premises have offended economic sociologists. In *The Great Transformation* (2001), Karl Polanyi argued that the liberal view of the market was an illusion that could never be empirically realised. Instead, society would inevitably seek to protect itself from the commodification of land, labour and money. Thus Polanyi's work alludes to a broader clash between 'society' and 'the market' which is clearly irreducible to the self-interest of individuals. Later Polanyians have developed the concept of 'embeddedness' at great length (Krippner et al, 2004; Zelizer, 1988). Here, because all human interaction is informed to some degree by social relationships rather than pure economic utility, 'the market' as competitive interaction between rational individuals is theoretically inadmissible. This has resulted in a rejection of Marx, who is (erroneously, as I will suggest below) seen as a crude believer in 'modernization' (Beckert, 2007).

By contrast, if these currents challenge Marx's acceptance of 'methodological individualism', others have complained of his failures to stick consistently enough to it. For Analytical Marxists such as Jon Elster (1985) the reduction of all activity to the 'microfoundations' of the self-interested actor is the

best footing for social science. But Marx himself, to Elster's disappointment, was prone to depart from this approach. Elsewhere, for example, he refers to the 'absurdity' of seeing markets as the aggregate interaction of free individuals (Marx, 1973:649-651). In the *Grundrisse*, Marx argues that via the 'reciprocal compulsion' unleashed by competition, 'capital' itself emerges as a domineering class entity, irreducible to the 'atoms' of individual capitals. It is the use of these kinds of 'collective' categories that most troubles 'rational choice Marxism' (Przeworski, 1995).

My objective here is not to debate these methodological issues. Nonetheless, these tensions highlight some interesting questions regarding the market. In his altercations with Przeworski, Michael Burawoy (1995a; 1995b) criticises his and Elster's emphasis on explaining class consciousness as strategic alliances between rational actors. This 'strategic' focus contrasts with Burawoy's own emphasis on the 'despotic' character of untrammelled competition. How, then, should 'the market' itself be understood? If our focus is on strategic action, presumably competitive markets can be subordinated to the interests of powerful actors depending on their capacity for alliances. If we emphasise the market's 'despotic' character, then we assume a coercive power that goes far beyond this.

These debates over 'rationality' are further complicated when interest switches to the effects of participation in the market on individuals. Miller (1987:186-187) asks which Marxist criticisms apply directly to markets themselves, rather than to the more broadly-defined capitalist mode of production. One answer is that markets alienate human beings from the 'collective results of human activity'. This is because, by their nature, they prevent deliberative planning and thus render man 'the plaything of alien powers'. In this sense, the liberal market has no business making claims to 'rationality'. Nonetheless, while they prevent these 'positive' freedoms, markets also afford their participants significant 'negative' freedoms- for example from the diktat of feudal overlords. Partly for this reason, some writers have tried to construct a 'Paleo-Marxism' in which the market appears as liberation from the 'idiocy' of rural craft production (Adler, 2007).

A strength of the economic sociologists is that their insistence on the social 'embedding' of the market has led to various detailed studies of the empirical functioning of markets. This benefit it arguably has over Marxism, which has more to say about the capitalist mode of production in totality. These studies, though, from a Marxist perspective, can appear somewhat superficial. By prioritising the trust relationships between market participants, economic sociology offers little about the roots of exploitation in the way capitalist production is organised. The sense that actors on one side of the productive relationship may have a powerful interest in 'disembedding' the market is largely absent. Polanyi himself had little interest in the notion of exploitation within production, preferring to criticise the effects of the market on 'society' and its institutions on a much broader scale. Interestingly, Beckert (2007) highlights the irrational (or 'magical') elements of markets as an important area for critique, and argues that, by rejecting the 'rational choice' reading and instead embracing social embedding, economic sociologists are uniquely equipped to explore these apparent overhangs from previous eras. But Marxists should challenge these arguments because, in concepts like 'mystification', the apparent irrationality of the market *can* be examined- not as a rejoinder to the idea of the rational, self-interested actor, but in interaction with it. The next section considers this point in more detail with reference to Marx's own writing.

3. *The mystifying market in classical Marxism*

It would be foolish to argue that, in Marxism, the realm of circulation is somehow less important than the realm of production. The former is self-evidently critical, because it is only through exchange that the M-C-M' circuit is able to continue. Moreover, important changes in production would be inexplicable without recognising the competitive character of circulation. However, it is equally true that for Marxists the key to understanding capitalism lies in apprehending the exploitative social relations originating in the production process. This focus distinguishes Marx from the economic sociologists mentioned above, as well as other left economists such as Kalecki, who saw exploitation emerging primarily through the manipulation of the marketplace by monopolies

(see Sawyer, 1985 for a comparison of Kalecki and Marx). Elements of the exchange process such as price determination have been regarded as lower-order problems by Marxists, and happily ceded to the marginalists (Baumol, 1974; Mattick, 1939). Some strands of Marxism such as Labour Process Theory (Braverman, 1974) elevate the workplace power struggle between employee and employer far above circulation.

Marxists argue that the market cannot be taken as an analytical starting point without obscuring the exploitation inherent in production (Fine and Lapavistas, 2000). One of *Capital's* recurrent themes was how the obscurantism of the market had been widely propagated by classical political economy to precisely this effect. In Marxist thought, by contrast, the market is where qualitatively different products of human labour are converted into quantitative ratios between things. Hence, it is where the social relations of production are concealed- or mystified. Unless the imbalances rooted in production are understood, observers end up attributing almost supernatural qualities (such as an 'invisible hand') to the market itself. This is evident in the way terms like 'supply' and 'demand' are presented in classical political economy as inviolable elemental forces. Following Marx's argument, this is a nonsense, because both supply and demand sides in the labour market are under control by the capitalist. By revolutionising the means of production and deciding on reinvestments, the capitalist manipulates both the supply of and demand for labour.

'Les dés sont pipés. Capital acts on both sides at once. If its accumulation on the one hand increases the demand for labour, it increases on the other the supply of workers by "setting them free", while at the same time the pressure of the unemployed compels those who are employed to furnish more labour, and therefore makes the supply of labour to a certain extent independent of the supply of workers. The movement of the law of supply and demand of labour on this basis completes the despotism of capital... As soon as, by Trades' Unions, etc., [workers] try to organise a regular cooperation between employed and unemployed in order to destroy or to weaken the ruinous effects of this natural law of

competition on their class, so soon capital and its sycophant, Political Economy, cry out at the infringement of the “eternal” and so to say “sacred” laws of supply and demand’ (Marx, 1976:793)

This argument might be taken a step further. If capitalists defend the free flow of competition when it suits their purposes, surely situations can also be envisioned where they would find it convenient to oppose the free market? Wherever ‘adverse circumstances prevent the creation of an industrial reserve army... capital, along with its commonplace Sancho Panza, rebels against the “sacred” law of supply and demand, and tries to check its inconvenient action by forcible means’ (Marx, 1976:793-794).

These observations serve a partly rhetorical purpose, prodding at the hypocrisy of the political economists as Marx saw it. But what can be inferred from them? One interpretation could be that market ‘laws’ are subordinate to the demands of the production process, with the latter rather than the former constituting an ‘independent variable’ (Fine and Lapavistas, 2000:368). Later, 20th Century Marxist writers such as Hilferding (1981) or Baran and Sweezy (1966), hinted at this kind of strategic subordination of the market (see following section). We should therefore distinguish sharply between ‘circulation’ and ‘the market’. While the latter is essential to capitalism the former, presumably, isn’t. Or, at least its scope and terms can be moderated according to the interests of capitalists. Other Marxists have allowed the market more autonomy. Lipietz (1985) argued that the ‘exoteric’ world of market interactions sees new categories coming into play during pricing (such as the mark-up in retail) which, for its participants, supersede the ‘esoteric’ world of value relations. But ultimately these manifestations do not bestow truth on the market itself. Instead, they mystify things even further by proliferating new empirical categories in which it is increasingly difficult to discern the relations of production.

So far, a number of observations about the market can be made. While the competitive nature of the market has a profound effect, its unimpeded operation may potentially be subordinated to the

strategic interests of capitalists. The following section explores these ideas. However, it is also clear that the market has the important effect of ‘mystifying’ productive relations. The latter point can be extended further to suggest a more sinister role for the market. As Frederic Jameson (1990) has argued, in Marxist thought even the most ‘mystical’ entities can wield power. He highlights the following passage in Marx’s *Grundrisse*:

‘Circulation is the movement in which general alienation appears as general appropriation and general appropriation as general alienation. As much, then, as the whole of this movement appears as a social process, and as much as the individual movements of this movement arise from the conscious will and particular purposes of individuals, so much does the totality of the process appear as an objective interrelation, which arises spontaneously from nature; arising, it is true, from the mutual influence of conscious individuals on one another, but neither located in their consciousness, nor subsumed under them as a whole. *Their own collisions with one another produce an alien social power standing above them*, produce their mutual interaction as a process and power independent of them’ (Marx, 1973:196-197) (emphasis added)

In other words, the market initially appears as merely the aggregate interaction between individual capitals, but the ‘reciprocal compulsion’ (ibid, 651) of these exchanges results in apparently objective conditions acting on participants. Thus the market, despite being the product of purposive human interaction, appears in totality as an alien power imposing demands on both workers and capitalists. In this sense Marx’s argument removes the distinction between the strategic and despotic market. The ‘atoms’ of the market are rational actors in pursuit of self-interest, but the cumulative effect of their interactions cannot be broken down to these constituent elements.

Through his discussion of the mystifying aspects of the market, Marx’s political economy arrives at a comparable point to his earlier political philosophy. In his *Critique of Hegel’s Doctrine of the State* (1975) Marx argued that the market obscures the real relations of mutual dependence between

people. In consequence, 'civil society' emerges as a disparate and atomised collection of individual 'citizens' who use the public sphere to pursue private interests. Collective political deliberation in pursuit of socially desirable goals cannot be envisioned beneath the tangle of competing economic concerns. Because atomised economic interest is the motive force in public life, '*independent private capital*, i.e. abstract private property and the *private person* corresponding to it, are the logical apex of the political state' (Marx, 1975:173). Thus the mysterious qualities of the market act on the class actors in capitalist production as well as on political representatives at the level of government. This multi-level effect, reflecting the interweaving of the market's 'strategic' and 'despotic' aspects, is referred to here as the 'totalising market'.

This section has highlighted two aspects of the market in Marx's writing. In one it can be shaped by the strategic action of class actors involved in the capitalist production process. In the other, it assumes a more expansive role as an 'alien power' over individuals and government. As Elster (1985) has indicated, this might feasibly be presented as methodological inconsistency. By contrast, my argument here is that in Marxist thought these aspects can be productively interwoven. This point will be elaborated in section six. The next sections follow divergent paths taken by Marxist thought during the 20th Century. Below, I look at Western Marxist philosophy, in which the coercive power of the market's dehumanising rationality is critiqued. Firstly, I consider texts in which any such claims for the 'despotic' market largely disappear from view.

4. *The strategically subordinated market in 20th Century Marxist political economy*

The idea that the free market can be in profound antagonism with capitalism itself is most forthrightly advanced in Rudolf Hilferding's *Finance Capital*. Hilferding depicts a trajectory in which market competition is forced to heel by the demands of banking capital. For Hilferding, as productive capital becomes more capital intensive, new investments are increasingly dominated by monopolistic banks, who in turn acquire a longer-term interest in enterprise stability. What was once a 'momentary' relationship becomes an 'enduring' coalition (1981:95). In the process, the

intense market competition of the stock exchange is actually superseded by long term bank-led capital investments that seek to manage and even suppress market forces.

‘With the development of banking, and the increasingly dense network of relations between the banks and industry, there is a growing tendency to eliminate competition among the banks themselves, and on the other side, to concentrate all capital in the form of money capital, and to make it available to producers only through the banks. If this trend were to continue, it would finally result in a single bank or group of banks establishing control over the entire money capital... In credit transactions the material, business relationship is always accompanied by a personal relationship, which appears as a direct relationship between members of society in contrast to the material social relations which characterise other economic categories such as money; namely, what is commonly called “trust”. In this sense a fully developed credit system is the antithesis of capitalism, and represents organisation and control as opposed to anarchy. It has its source in socialism, but has been adapted to capitalist society; it is a fraudulent kind of socialism, modified to suit the needs of capitalism’ (Hilferding, 1981:180)

Eventually a point is reached at which capitalists can no longer tolerate free competition. As monopolies and cartels form, price itself is subordinated.

‘The objective law of price can operate only through competition. If monopolistic combinations abolish competition, they eliminate at the same time the only means through which an objective law of price can actually prevail. Price ceases to be an objectively determined magnitude and becomes an accounting exercise for those who decide what it shall be by fiat, a presupposition instead of a result, subjective rather than objective, something arbitrary and accidental rather than a necessity which is independent of the will and consciousness of the parties combined’ (Hilferding, 1981:228)

Hilferding's invocations of 'trust' and the rescinding of the 'independent laws' of price in these quotes bear some comparison with the rational choice perspectives advocated by Elster. Using the latter's language, the question might be asked: under what conditions do individual capitalists find it beneficial to enter alliances that suppress market competition? Clearly, the 'despotic' market- the 'alien power' with an influence extending far beyond an aggregate of self-interested individuals- has little place in this line of thought.

Like Hilferding, Rosa Luxemburg also re-engaged with the second volume of *Capital* but constructed a different argument. Luxemburg used Marx's reproduction schemas to suggest that, in order for capitalism to continue, new areas outside the existing capitalist sphere must be perpetually integrated. Because there is physically only so much space available, capitalism is by definition finite. This prompts a novel emphasis in Marxism- the urgent imperative to introduce market transactions where they previously did not exist. In Luxemburg's words (2003:349): 'Capitalism must therefore always and everywhere fight a battle of annihilation against every historical form of natural economy that it encounters, whether this is a slave economy, feudalism, primitive communism, or patriarchal peasant community'. Hilferding and Luxemburg were led to a similar point- imperial expansion as a logical step for capitalism- but the tone of Luxemburg's argument is different, emphasising the expansion of market transactions as an existential imperative. These ideas, more easily than Hilferding's, can be reincorporated into a critique of the despotic market under neoliberalism (see Harvey, 2005b).

Hilferding influenced a number of 20th Century Marxists, who also saw the competitive market giving way to greater administrative planning. The Frankfurt School's chief economist, Friedrich Pollock, accepted many of his arguments in suggesting a historical tendency towards 'state capitalism', seen by his colleagues as a foundation of the 'administered society' (Kellner, 1989). Baran and Sweezy's *Monopoly Capital* (1966), also drew on Hilferding's work, analysing the retreat of the frontiers of competition away from price and into secondary factors such as product differentiation and

advertising. Their critique of *Finance Capital* suggested that Hilferding had, if anything, underestimated the radical reduction of the market. They viewed monopoly capitalism as a qualitatively new development catalysed by the rise of 'organisational man', for whom 'jungle' competition was incompatible with the ordered hierarchies of vast firms. While less influenced by Hilferding, Mandel's *Late Capitalism* (1972) also emphasised the encroachment of planning at the expense of the market through the development of functions such as research and development. Regulation theorists (particularly Aglietta, 2000a) stressed how the extent and form of the market had necessarily adapted to accommodate the changing shape of the wage relationship. In each of these texts, the free market is therefore captive to demands originating in the realm of production.

Hilferding's predictions were therefore prescient in some respects, but contained mistakes. Most importantly, while he anticipated debates in mainstream finance theory about the relative merits of market-oriented versus 'patient' capital, he went too far in suggesting a historical trajectory from one to the other (Lapavistas, 2004). More recently, the impossibility of establishing a long-run trend towards 'more' or 'less' market in firm organisation has led Harvey (2006) to suggest a more dynamic tension between market and plan- where the need to control transaction costs clashes perpetually with the 'anarchy' which is the lifeblood of capitalism. Below, I suggest that this argument is a useful starting point for analysing the totalising market under neoliberalism. Before doing so, I consider other strands of Marxism which more explicitly engage with the idea of the market as 'alien power'.

5. *The despotic market in Western Marxism*

Western Marxism emerged at the same time as the sources surveyed in the preceding section, and generally accepted their analysis of a trajectory towards greater administrative control. But whereas these analyses suggested a 'strategic' market that was being subordinated to the demands of production, Western Marxism's key theme was the shift away from the analysis of production as the predominant subject of critique. Instead, they were primarily concerned with the problems raised by

commodification and the imposition of rationalising imperatives on individuals and society. Therefore despite the encroachment of 'state capitalism' onto the competitive market, the quantifying impulses of the market emerge as the primary antagonist of human society.

As Burawoy (2003) notes this meant an increasing emphasis not on alienation (the separation of the worker from the means of production) but on commodification (the effect of the individual being directly integrated into the market). In Burawoy's (2003:211) 'sociological Marxism', commodification 'is not epiphenomenal but the defining experience of capitalism, extending to all realms and classes'. One of Lukács's (1971) main targets was the extent to which capitalist rationality converts human beings themselves into exchange values. In this sense, the market's perpetual quantification is not just a mystification of production- in itself, it is deeply tyrannical.

'We are concerned above all with the *principle* at work here: the principle of rationalisation based on what is and *can be calculated*... In consequence of the rationalisation of the work-process the human qualities and idiosyncrasies of the worker appear increasingly as *mere sources of error* when contrasted with these abstract special laws functioning according to rational predictions. Neither objectively nor in relation to his work does man appear as the authentic master of the process; on the contrary, he is a mechanical part incorporated into a mechanical system. He finds it already pre-existing and self-sufficient, it functions independently of him and he has to conform to its laws whether he likes it or not' (Lukács, 1971:88-89)

Far from the product of the interaction between rational individuals, the market here imposes *a priori* conditions to which individuals must conform. Later, humanist Marxism advanced a similar critique of market rationality, whose cold calculation it saw as running fundamentally counter to the human need for spontaneity (Marković, 1974:74-75). Moreover, reconnecting with the Hegelian roots of Marxism, Lukács (1971:95-96) also argued that this market rationality comes to engulf human society.

‘The divorce of the phenomena of reification from their economic bases and from the vantage point from which alone they can be understood, is facilitated by the fact that the [capitalist] process of transformation must embrace every manifestation of the life of society... Thus capitalism has created a form for the state and a system of law corresponding to its needs and harmonising with its own structure.’

Thus, Lukács was converging with Weberian ideas emphasising the imprisoning aspects of rationalisation. The classical Marxist critique of ‘mystification’ was to some degree reversed, as the market was now attacked for being *too* rational, and consequently dehumanising the idiosyncratic subject. The Frankfurt School went further down this route, diminishing even more the focus on class relations in production, and instead criticising the effects of this rationalisation, particularly on cultural life. Western Marxism therefore connected to a pre-Marxian heritage of idealist philosophy (Anderson, 1976), in which the despotic logic of the market becomes the main antagonist to the vitality of thought and action.

Burawoy (2003) suggests that a direct link connects the Western Marxism of Lukács to the Polanyian critique of the market- which differs in many respects to Marx’s. In *The Great Transformation* (2001:167-168), Polanyi dismissed the idea of ‘exploitation’ in productive relations and instead pondered the market’s capacity to corrode society’s stabilising institutions. Hence while Polanyi was strongly rooted in non-Marxist idealism, he arrived at a point eminently compatible with the Western Marxists- to the extent that Burawoy advocates appropriating him for the Marxist tradition. Specifically, ‘the market’ emerges as the main antagonist of ‘active society’ itself. This argument sees Lukács and Polanyi converging with the political philosophy of the younger Marx. As Mészáros (1970:34) puts it, in classical Marxist philosophy the condition of the subject under capitalism is one of ‘universal saleability’; the ‘contractual abdication’ of human freedom in its ‘positive’ sense- in other words, the capability to actively shape one’s own social, political and economic environment.

In this alternate Marxist critique, the market assumes a far more 'despotic' aspect than in the work of Hilferding and others. It is an alien power that imposes its terms on both the individual subject and human society in totality. In the next section, I discuss how the 'strategic' and 'despotic' critiques of the market interweave in Marxist analyses of neoliberalism. The idea of the market as an undemocratic force disrupting societal deliberation is not a separate- much less an opposed- line of argument to the classical Marxist emphasis on exploitation in production. Rather, this analysis can only be credibly advanced if its interconnection with the demands of capitalist production is recognised.

6. Theorising the totalising market under neoliberalism

An important theme in analyses of neoliberalism- within and without Marxism- is the expansion of market competition (Harvey, 2005a; Mudge, 2008; O'Connor, 2010). This presents a puzzle for both the literatures discussed in the preceding two sections. The suppression of free competition appears weakened or reversed, undermining the claims of theorists like Hilferding. Similarly, Western Marxists often accepted these political-economic analyses and used them to move towards a critique of dehumanising rationality. Consequently they initially offer little insight into the political-economic transformations of neoliberalism. However, in their work, the idea of a clash between 'the market' and 'society' reached an apogee which does have important resonances in the neoliberal era. Polanyi dismissed the foundations of Marxist thought in order to enable this shift in focus. An important challenge, therefore, for Marxist analysis must be to account for the expanded scope of the market under neoliberalism, while retaining an emphasis on exploitative relations of production. This section suggests that the multi-level analysis of the market as raised in Marx's own writing is an important tool to this end. Moreover, the interweaving of the 'strategic' and 'despotic' elements of the market is an important insight for understanding neoliberalism.

Before continuing, a caveat. As Foster et al (2011) have argued, it is somewhat naïve to refer to the end of 'monopolies'- in fact, the stranglehold of elite organisations may have strengthened rather

than diminished. However, when we consider the organisational forms adopted by capitalists, it is clear that market mechanisms have been revitalised as a form of corporate governance, at the expense of the administered hierarchies of the post-War era (Greer and Doellgast, 2013; Sayer, 2002:700-701; Storper, 1994). Therefore while the theories of 'monopoly' or 'finance' capital may need re-evaluating, the 'strategic' aspect to the market retains relevance. The difference, this section suggests, is that where previously the suppression of market mechanisms may have been strategically desirable for capitalists, neoliberalism has seen an increasing interest in their extension. Harvey's (2006:136) analysis of organisational form includes the following passage:

'The greater the degree of vertical disintegration... the lower the value composition of capital within the enterprise and the greater is the arena of direct capitalist control. To this is opposed the requirement to accelerate the turnover time of capital by fragmenting activity, sub-contracting and generating a proliferation in the division of labour. This serves to increase the value composition of capital at the same time as it extends the arena of chaotic and anarchistic exchange relationships at the expense of regulated and controlled production. Between these two forces we can begin to spot the requirement for some equilibrium organisation of production that fixes the degree of vertical integration, size of firm, etc., and thereby fixes the boundary of the market and the (relatively) controlled environment within the enterprise. Since this equilibrium is the product of fundamentally opposed forces, it is inherently unstable'

Given this tension between organisation and market, one question for Marxists is whether there is scope for capitalists to exercise strategic agency, manipulating this configuration in support of business objectives.

Various Marxist analyses suggest that this strategic extension of the market is, indeed, important to understanding neoliberalism. Typically, the neoliberal project is considered a power grab by a capitalist class which had hitherto been constrained by the post-War regimes. This is the premise of

Harvey's *A Brief History of Neoliberalism* (2005a), for example, as well as Duménil and Lévy's *Capital Resurgent* (2004). The latter are adamant that the end (the restored hegemony of financial capital) should not be confused with the means (policies that usually enhance the competitive market). Hence the characterisation of neoliberalism as a primarily ideological movement based on the persuasiveness of neoclassical economists should be challenged, and the potential for state 're-regulation' in support of financialisation emphasised.

What concrete measures might aid this reassertion of class power, and why might the strategic aspect of the market have shifted towards expansion rather than subordination under neoliberalism? There are a range of Marxist sources which help to address these questions. Different Marxist diagnoses of the crisis of post-War capitalism yield different explanations for the expansion of markets. For example, if we consider the 1970s crises to be rooted in a 'profit squeeze' caused by rising wages (Glyn and Sutcliffe, 1972), we can also imagine how employers then began to use markets as a means of alleviating this squeeze. Hence where once incomes policy was used to contain market wages and thus protect profit, European integration and the creation of unemployment are used to engineer an expanded market with the same ultimate objective. Similarly if the crises of the 1970s are explained in terms of the 'surplus capital absorption problem' (Harvey, 2010), the engineering of new financial markets also appears to be a logical means towards capitalist revitalisation.

Other analyses view the extension of markets in relation to workplace control. Mechanisms such as privatisation might be interpreted at quite a straightforward strategic level, as a means of squeezing workers much harder without compromising the legitimacy of the state (Harman, 2008). Recent German literature on 'subjectification' considers how the crisis of post-War managerial control has been countered by the use of direct exposure to the marketplace (Peters and Sauer, 2005). The employee is given greater autonomy to select their working methods, but control is paradoxically reinforced because they are required to adapt their behaviour in order to meet market targets. In

these ways, markets are extended as a strategic tool- perhaps towards shifting the balance of supply and demand, towards looser labour legislation, or even in the case of subjectification towards colonising the autonomy of the employee. These differences, for the purpose of this article, are less important than the observation that the market is extended as a means towards addressing the crisis conditions of post-War capitalism, however differently defined.

What I want to convey here, however, is a critique of what may be termed the 'totalising market'; in other words, analyses of contemporary capitalism should recognise the interweaving of the 'strategic' and 'despotic' aspects of the market. The use of the market to enhance profits, and the emergence of the market as a coercive force in its own right should not be understood as different interpretations but rather as interconnected. As noted, the crisis of post-War capitalism led capitalists to seek the extension of the market for strategic ends. But when large numbers of capitalists operating under competitive imperatives behave in this way, it is not difficult to imagine how, as Marx suggested in the *Grundrisse*, this reciprocal compulsion becomes an 'alien power' over its participants. This interweaving is hinted at in O'Connor's (2010) theorisation of neoliberalism. He argues that capitalists find it convenient to unleash 'coercive competition' as a means of driving down costs, and that this forces states to pursue market-friendly policies in a bid to attract capital. Because O'Connor (2010:697) views this process as self-reinforcing, 'the drive to unleash competitiveness becomes capital's new and ultimate regulator, forcing all sorts of changes in behavioural assumptions and institutional realities'.

Perhaps the most vivid depictions of the totalising market can be found in Marxist discussions of one of the hallmarks of neoliberalism- financialisation. Certainly, Marxist analyses may take a 'strategic' starting point. As noted, Harvey (2010:30) argues that financialisation emerged as a direct response to what he terms the 'surplus [capital] absorption problem', i.e. the search for profitable reinvestment of capital which was becoming difficult under the post-War regime. But the ramifications of financialisation are profound. For one thing, it has greatly empowered the role of

the 'institutional investor', whose short-term interests in maximising shareholder value have pushed aside the longer-term banking investments analysed by Hilferding (Aglietta, 2000a:420). As Aglietta (2000b:149) observes elsewhere, one consequence of a system of competing investors, each seeking short term profitability, is the increasing abstraction from the concrete world of production and an expanded role for the 'collective power of opinion wielded by capital markets'.

Here, it starts to become apparent that the strategic extension of the market, while taking on renewed impetus under neoliberalism, is not enough on its own. The 'collective opinion' of capital markets is an abstract, quasi-rational entity which comes to subordinate economic life- even if the latter is ostensibly composed of rational actors. It is thus a 'mystical' being in the Marxist sense and, as Jameson (1990) observed, even the most mystical of entities can assume a power of their own irreducible to their individual components. At public policy level, debate over economic organisation is increasingly couched in highly nebulous terms revolving around the unpredictable attributes ('confidence') of vague collective entities ('the markets'). Certainly, this is not a qualitatively new phenomenon. In his seminal essay, *The Political Aspects of Full Employment* (1943), the left-Keynesian economist Michał Kalecki wrote that-

'Under a laissez-faire system the level of employment depends to a great extent on the so-called level of confidence. If this deteriorates, private investment declines... This gives capitalists a powerful indirect control over government policy: everything which may shake the state of confidence must be carefully avoided... The social function of the doctrine of "sound finance" is to make the level of employment dependent on the state of confidence'

Under neoliberalism, however, and even more so in the case of the post-2007 economic crises, this mysteriousness has become increasingly pre-eminent. One high-profile contemporary Marxist polemicist describes ongoing austerity politics as a collective 'sustained effort of wilful ignorance' and continues-

‘Expectations are part of the game: how the market will react depends not only on how much people trust this or that intervention, but even more so on how much they think *others* will trust them- one cannot take into account the effects of one’s own choices... Since markets are effectively based on beliefs (even beliefs about other people’s beliefs)... when the media worry about “how the markets will react” to the bail-out, it is a question not only about its real consequences, but about the *belief* of the markets in the plan’s efficacy.’ (Žižek, 2009:9-11)

The idea of the totalising market thus reflects the fact that the apparently strategic action of capitalists in extending market mechanisms has, as Marx argued, a mystifying effect. And this mystifying effect manifests in an abstract power which subordinates any notion of a socially rational allocation of resources on a far wider scale.

The totalising market can also be discerned from other angles. One of the most influential Marxist accounts of capitalist society since the 1970s is David Harvey’s *The Condition of Postmodernity* (1990). For Harvey, the post-War era produced ‘rigidities’ that buttressed accumulation for thirty years but which eventually became a barrier to future possibilities for profitable investment. The process of breaking down these rigidities sees the market emerge as an elemental force acting to reshape society in order to free itself from social constraints. Most vividly, Harvey refers to an increasingly urgent push for ‘time-space compression’. To maximise and accelerate the generation of profits, instantaneity is demanded not just in terms of capital’s own mobility but also in terms of the rapid obsolescence of fashions, technologies, cultural phenomena, and so forth. Any such factors which might slow this process are assailed. This, from a very different starting point, brings Harvey (2005a) to the Polanyian language of the market seeking to ‘disembed’ itself from the constraints of society.

The market’s role in ‘time-space compression’, as well as these Polanyian parallels, appear even more clearly in Altvater et al’s (1997) analysis of an ‘unbound’ market. Here, the ‘disembedding’ of the market is not merely corrosive of existing institutions: it turns the market into a ‘ubiquitous

fetish' which dictates even the pace at which human life is conducted. The prospects for deliberative planning of future priorities, as well as reflection on the past, must necessarily be disregarded in the face of economic calculation in the present:

'The historical time span is reduced to a single point in time whose coordinates are to be found in the economic rather than the natural domain of reason... The present dominates both past and future. The future appears in the present merely as a non-discounted value or as a simple extrapolation' (Altaver et al, 1997:456)

It therefore is not difficult to speak, as Streeck (2011) does, of a 'markets versus voters' clash. It is also clear that Polanyi's work has some resonance in this regard. Note that this cannot be said for later Polanyians such as Beckert (2007) and Zelizer (1988), who do not recognise even the theoretical possibility of a 'disembedded' market. The argument of this article has been, however, that these abstract, societal-level conflicts are best understood through the lens of Marxist concepts which recognise the significance of capitalist relations of production, and the way in which these are mystified on societal scale.

7. Conclusion

In this article I have reviewed Marxist writing on the concept of 'the market', and pointed towards 'strategic' and 'despotic' critiques of it. I argued that, particularly given the extension of market mechanisms under neoliberalism, these two different aspects of the market should be interwoven. I have referred to this interweaving as the 'totalising market'. Specifically, I have suggested that the 'mystifying' nature of the market lends it a coercive power at the level of government, but that this depiction cannot be understood in isolation from the classical Marxist emphasis on exploitative relations of production. In concluding, what value does this analysis have for future Marxist scholarship?

I want to highlight three implications. Firstly, I have argued that the 'irrational' elements of the market can be insightfully analysed without requiring the 'embedding' preoccupations of the economic sociologists. They are not 'overhangs' from non-capitalist social interactions, but rather a consequence of the purposive interactions of individual capitalists as they appear in totality. Secondly, it serves as a call for more Marxist interest in the nature of political-economic decisionmaking, and the extent to which it is distorted by the mystifying qualities of the market. This line of enquiry, I believe, is likely to be an important component in examining and explaining the ongoing furtherance on 'marketising' policies. Finally, it also suggests that Marxists should take a particular interest in the interconnections between different dimensions of 'the market'. It can serve a strategic purpose, and it can serve a despotic one, and understanding where these aspects come from and their consequences is an important task of Marxist theory.

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