

## **The Idea of the Moral Economy**

The notion of the moral economy rests with a central principle: embeddedness. Pre-modern economies are moral because they are an integral part of social relations and non-economic institutions. Of course, how economic and social relations work together will differ depending on various contexts but the common thread running through an understanding of a pre-modern moral economy is that aims, objectives and processes are informed and directed by the non-economic (Polyani, 1957; 1960; 1968; Scott, 1976). Thus, it may be accepted that human well-being and status might be enhanced by productive economic activity but that this is only one aspect of many and whatever contribution the economic might make it is entirely policed by the norms, expectations and values of the community within a 'moral universe' (Scott, 1976). In other words, economic activity and any surpluses it might create are used as a means to an end: the end being the maintenance, support and enhancement of the social. The economic has no independent existence, is barely visible as a guiding hand in human life and exists only for the benefit of the community and citizenship (Habermas, 1987; Polyani, 1977). 'The economy' as a structurally or theoretically distinct arena simply does not exist, and could not exist, within this pre-modern moral universe.

Ample analyses inform us that this portrayal of the pre-modern moral economy is oversimplified and that the 'market', as a matter of necessity, must have played more of a role in and been more of an influence on norms, values etc of the community than anthropologists such as Scott (1976) and philosophers such as Polyani (1957, 1977) and his reliance on Aristotelian ethics can account for (Booth, 1994). Yes, economic activity involving division of labour, and acquisition, distribution and trade of goods is subordinated to the pursuit of the 'good life' (Polyani, 1957) but the economic realm did operate as a market based on market principles. However, despite recognition of the dangers of over idealising the normative dimensions of pre-modern societies, especially in relation to a reliance on status and division of labour (Polyani, 1977; Scott, 1976), the moral economists maintain that it is only in modernity that we see a 'market society' deemed to be a rational, economic system that subordinates human needs in the pursuit of economic gain (Polyani, 1957; Mauss, 1967; Scott, 1976; Thompson, 1971).

It is generally agreed that the move to a market society involved a change in priorities and much less of an emphasis on the human. As Booth summarises:

'there is no mistaking the conclusion that for the moral economists, the move from *Gemeinschaft* to *Gesellschaft* entailed a loss of a certain vital human quality that typified earlier societies' (1994: 656).

The change in emphasis entailed a turning point in human history (Polyani, 1977; Tonnies, 1979) as the market breaks away from normative influences embedded in the non-economic. The market becomes disembedded, autonomous, self-regulating and entirely economic in nature, purpose and outcome. For the moral economists, in modernity the market takes on a life of its own which is represented by the commodification of whole areas of social life. A process that eats into and, in some cases, consumes and overrides the values and norms of the non-economic realm. Rather than society being integrated via non-economic institutions of family, church and

community; the market becomes the integrative mechanism pervading all aspects of the non-economic. In other words the process of embeddedness is reversed; with modern society becoming embedded in the market, rather than the pre-modern market being embedded in society, and 'refashioning its ethos and relations after its own image' (Booth, 1994: 656). The tentacles of the 'market society' extend to such an extent that the economic becomes the sole vehicle of analysis and all aspects of social life are objectified, quantified and couched in terms of maximising behaviour and efficiency – the human becomes understood only as *homo economicus* (Booth, 1994; Polanyi, 1977). In Habermasian terms the economic system becomes detached from the life-world and then colonises it (Habermas, 1987). In sum, the moral economists lament that market society has not only escaped control from the community but that individualised, self-interested pursuit of surplus destroys human bonds and the web of obligations that makes up community. For many, 'market society' is a law like economic realm that is no longer questioned (Mauss, 1967; Polanyi, 1957; Tonnies, 1979).

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