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## Developing the Critical Standpoints of Radical Political Economy

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### Introduction

These are difficult times for socialist thought and practice, and for radical political economy, even though the need for radical alternatives has increased rather than diminished. If radical political economy is to regenerate, it needs to return to basics and rethink its critical standpoints. I want to argue that its revival could be helped by developing the concept of *moral economy* as a way of thinking about the normative issues posed by contemporary capitalism.

The moral economy embodies norms and sentiments regarding the responsibilities and rights of individuals and institutions with respect to others. These norms and sentiments go beyond matters of justice and equality, to conceptions of the good, for example regarding needs and the ends of economic activity. They might also be extended further to include the treatment of the environment. The term moral economy has usually been applied to societies in which there are few or no markets, hence no competition and law of value, and in which economic activity is governed by norms regarding what economic responsibilities of individuals and institutions are, what and how much they are allowed to consume, who they are responsible for, beholden to and dependent on. (1) However, moral norms - generally different ones from



those of pre-capitalist societies - are also present and influential in advanced capitalist societies, though they tend to be overlooked by political economy, radical or otherwise. They exist both within the formal, money economy and outside, particularly in the household economy. While the norms may be considered part of a moral order, both the norms themselves and the associated behaviour are invariably compromised and often overridden by power and considerations of cost and risk.

I shall use 'moral economy' and 'political economy', like 'history', not only to refer to objects of study (*the* moral economy) but to kinds of inquiry too. As a kind of inquiry, moral economy embraces both positive or analytical studies, and normative assessments. (2) In analytical or positive mode, I want to use the term 'moral economy' to refer to the study of the ways in which economic activities - in the broad sense - are influenced by moral-political norms and sentiments. It has become increasingly common to note that all economies - *including* so-called laissez-faire ones - are embedded in particular cultures, so that trying to transplant economic practices and norms from one country, for example, the USA, to another, such as an East Asian society, is bound to cause problems in the form of a clash of moral economies. (3) Norms may differ regarding how much inequality should be tolerated, who one should and should not do business with, what should not be commodified, who should work, and who is entitled to be supported by others, what peoples' obligations to future generations and to other species are, and so on. While such norms influence individuals' actions, they can also be institutionalised, as in the case of the welfare state. The pursuit of self-interest is common enough in economic activities, but there is no reason for accepting the dogma that this is the only motivation involved.

From a normative point of view, the study of moral economy involves an evaluation of economic systems, actions and motives in terms of their effect on peoples' lives. But as with any *critical* political economy (including a critique of political economy), it is important to examine the standpoints from which these critiques are made. Such standpoints involve normative judgements and if these are not clarified the precise target of any critique is likely to remain unclear. As critical theorists have argued, any criticism presupposes the possibility of a better way of life. Critiques of political economic orders imply the existence of avoidable suffering or disadvantage. More specifically, a critique of a specific feature of an economy, say, uneven development, implies the possibility and desirability of a better alternative, in this case a less uneven kind of development. (4) This normative turn involves breaking with the Marxist tradition of seeing such matters as ones that can be deferred until revolutionary or post-revolutionary situations arise, and the people or their representatives can decide.

Critiques can be directed both at actors' motives and the way in which these are influenced by economic circumstances, and at the outcomes of economic processes and the mechanisms which produce them. Hence mechanisms which frustrate the achievement of a desirable change, such as those which sacrifice security for speculative gain, may be a target of normative discussions of moral economy. While considerable effort has been devoted to discussing the normative arguments against exploitation and for equality, many other normative issues are raised by economic organisation. Thus, it has become abundantly clear that arguments for equality must define the conditions towards which equalisation should converge; for example, regarding gender equality, should equalisation between men and women take the form of a 'universal breadwinner' model, so that women become more like men, or a 'universal caregiver' model, so that men become more like women, or towards some other model? (5) This example also highlights the necessity of considering how different spheres of economic activity fit together within people's lives.

What is ethical and unethical is of course contentious. We may refer to a moral economy in a neutral, descriptive way, without endorsing its particular values, although we may actually judge it negatively as unethical; the strongly gendered character of the distribution of economic responsibilities is a case in point. Consequently, there is no reason why a concern with moral economy should imply a conservative agenda. (6)

Emphasizing morality need not involve ignoring or concealing power; in some cases, power is *dependent* on actors having moral commitments, as when moral blackmail is used against nurses to depress their pay by taking of advantage of their reluctance to put their patients at risk through going on strike. Capitalist social relations of production create immoral



economies, though they may be constrained by legislation and struggles influenced by - among other things - moral-political values. At the same time there are other sources of immoral tendencies, not essentially or uniquely to do with capitalism. Many economic problems derive from the failure of individuals or organizations to honour their obligations, thereby overburdening others with those responsibilities - as in the gendered distribution of family responsibilities. (7)

### **Morality and Economic Life**

"It is inherent in the very nature of estrangement that each sphere imposes upon me a different and contrary standard: one standard for morality, one for political economy, and so on. This is because each of them is a particular estrangement of man and each is centred upon one particular area of estranged essential activity; each is related in an estranged way to the other. (Marx, *Economic and Philosophical Manuscripts*, Early Writings, ed. L. Colletti, 1975, pp. 362-3) (8)

Morality appears to be alien to political economy, in that the former is by definition non-instrumental, whereas economic activities are instrumental and widely assumed to be self-interested. As Adam Smith pointed out, moral acts are done even when they bring the actor no reward, and indeed even in the face of disapproval from others.(9) But economic action can be oriented towards others - as the concept of economic responsibilities for the welfare of others indicates - and even self-interested actions are not necessarily selfish. Further, under appropriate conditions, self-interested, instrumental action can produce beneficial results, as, in their different ways, Smith and Weber argued.

This raises two questions: how did this divorce of morality and political economy come about; and could it ever be transcended?

Regarding the first question, markets are commonly seen as having undermined pre-capitalist moral economies, with their *traditional* social relations and moral codes enforced by appeal to authority. While this freed individuals from traditional bonds, it also enabled moral-political values to become the subject of rational evaluation. With the undermining of tradition, one of the driving forces of the Enlightenment was the sense of responsibility felt by intellectuals to work out what a rational moral order would or should be like. Such an agenda dominated early classical political economy.

Towards the end of the nineteenth century, there was a divorce of the study of morality from that of political economy. It is unlikely that this was merely an intellectual change uninfluenced by events outside, for with the acceleration in the development of division of labour and competitive markets, economic activities became increasingly 'disembedded' from earlier social attachments. In Habermas's terms, economic, political and bureaucratic systems became detached from the lifeworld and then began to colonise it, products began to dominate producers, and people became increasingly dependent on the workings of an economic system which, far more than any preceding economy, had a logic and momentum of its own.

As modern society and its division of labour increase in complexity, social differentiation increases, producing a mutual estrangement of different spheres of action, and more and more practices become routinised and rationalised, and governed by formal rationality, either in the shape of bureaucratic or legal rules or money and price movements, rather than by deliberation, democratic or otherwise. Thus, whether an advanced economy is capitalist or not, it necessarily depends on 'systems' characterised by formal rationality, whether of money and markets or the bureaucratic/legal systems of central planning. It therefore becomes removed from the sphere of deliberation and negotiation. But the consequences of these systems are good as well as bad, not least because such rationalisation saves huge amounts of labour time and allows (and is a condition of) much higher levels of development than would otherwise be the case. Ambivalent, 'dilemmatic' thinkers such as Smith and Weber accepted that these good and bad features were interdependent, with at best some scope for the former to be expanded relative to the latter somewhat.

To paraphrase Habermas, the development of systems turned questions of validity into questions of behaviour, and this is what has happened to many of the fundamental questions



of moral economy. (10) As people lost control over their economic lives, and most economic relations came to be with distant unknown others, the competitive laws of global economy tended to reduce the purchase of normative standpoints on moral economy, correspondingly making philosophical discourse on ethics appear irrelevant. (11) In markets, the dominant question is not what is right or good but what will sell; virtues give way to subjective values, self-interest and preferences. Not surprisingly, in political economy, subjective theories of value became dominant. Instead of considering our economic responsibilities towards others, we now inquire into the workings of the system and actors' behaviour within it, and where we can find a niche in it. Like economic behaviour itself, the study of economics has become devalued in the sense that moral values have been expelled from consideration. Conversely, values and norms have been de-rationalised so that they become mere subjective, emotional dispositions, lying beyond the scope of reason.

This brings us to our second question: could the division between moral-political values and political economic logic ever be transcended? While thinkers such as Smith and Weber expected no such resolution, Marx appears to have done so, at least in his early work. The more or less explicit standpoint from which much of his critique of capitalism is made is of a society in which economic activity is democratically controlled *ex ante* by the associated producers. Markets are rejected not merely because some of their unintended consequences are bad, but because, good or bad, they are not under conscious collective control. However, a socialism based on a high level of development of the forces of production entails an advanced division of labour, which in itself means that the producers are \*dis\*sociated, and unable to control the economy because of the intractability of such a division of labour, regardless of the social relations of production. The anarchy of an advanced social division of labour owes much to its extraordinary complexity and intractability, regardless of whether it is combined with capitalist, state socialist or market socialist social relations of production (Nove, 1983; Sayer, 1995). Whether we desire it or not, others become means to our ends, and we become means to the ends of others. This effect is not limited to market coordination: it is also almost inevitable with central planning.

In one sense Marx's critique is superior to that of Smith and Weber, because it is based on a much more profound understanding of capitalism. It is also more radical insofar as his critique of alienation implies a rejection of what Habermas later called systems, even though for the time being, under capitalism, they might be seen as historically progressive. He was also more hopeful than the likes of Smith and Weber, in that he implied that systems, and the accompanying alienation of political economy and morality, could be transcended in a society in which all economic processes could be subject to *ex ante* collective deliberation and control. As my earlier comments on the intractability of advanced economies and their divisions of labour implied, this is not feasible, since central planning requires considerable development of systems and hence further domination of the lifeworld and marginalisation of democratic control. Radical political economy needs to acknowledge this if it is to advance, and be more open to ambivalence and modifying the dilemmas and contradictions of all advanced economies.

At the same time, moral-political values can of course be incorporated into bureaucratic systems, as in the case of welfare state. Markets and capital and other systems can be - and already are - restrained by norms and laws. The struggle between the moral economy and capitalist political economy will continue. However, it is better to acknowledge the indispensability of systems, albeit not necessarily capitalist ones, with their characteristic dilemmas, and to explore the feasibility and desirability of alternative moral-political standpoints than to deny the former and ignore the latter, as Marxism has tended to do. We need to ask what are economies, or economic activities, for? and address the economic problems of humans rather than the human problems of economies. Both in practice and in theory, such normative questions are generally blocked and displaced by empirical questions of how the system works. I propose that sometimes we should imagine what it would be like to reverse the process noted by Habermas, and turn empirical questions of economic behaviour into normative questions of validity. The point of economic activity from this standpoint is to enable people to live well.



For our society, the fundamental repressed questions of moral economy might include the following:

1. Whose keeper are we and who is our keeper? - what are our responsibilities towards others, including distant others and future generations?;
2. What standards of care and provision should we expect to receive, give and fund? i.e. what goods should be provided?;
3. How should we discharge our responsibilities to others?; through paying taxes to fund transfer payments?; through direct unpaid labour?; by paying others to do the work?;
4. How should these responsibilities be allocated between men and women, between parents and non-parents, between different age-groups, between people of different incomes and wealth?
5. What rights and responsibilities should the employed have over their work and products? As David Ellerman has argued, even though capitalists own the means of production, there is no justification for workers to be denied ownership of what they produce, once deductions have been made for used up capital. (12)
6. What responsibilities do we have to distant others and future generations, and to the environment?
7. What standard of living should people expect? should there be limits on pay and income from capital?;
8. To what extent should people be reliant on wages/salaries for their income? (how far should income be subject to the 'stark utopia' of the 'self-adjusting' market?) (13)
9. Should jobs be rationed by limiting working hours so that access to them is equalized ?
10. How should ownership of property in means of production be regulated? (in terms of rights and responsibilities)
11. What responsibilities do companies and other employers have to workers, suppliers, shareholders, creditors and consumers, and the communities in which they locate?
12. What things should not be commodified? or treated as if they were commodities
13. To what extent is profit or unearned income acceptable?

The list is of course not exhaustive, but it should indicate the range of issues which might be considered. Some of these questions are already familiar in radical political economy (e.g. 13), but to reject the others because they lie outside the conventional scope of political economy or economics is to accept the estrangement of system and lifeworld, political economy and moral economy. (14) It was once common for the Left to be impatient with normative discussions and to dismiss them as utopian, implying either that it already knew what to do or that the people would decide, and once free from capitalist impediments, decide wisely. This impatience prevented the Left understanding its own critical standpoints - a weakness devastatingly exposed by the assaults of neoliberalism, which found the Left struggling to find reasons to support its traditional ideas. Without considering such questions, our critiques of capitalism will remain directionless, and political economy will remain oblivious to moral economy.

If we fail to acknowledge that economic activity is at least in part morally-guided, and that even where it is not, it has moral implications, economic action appears to be wholly a matter of power and self-interest. If this happens, political economy reflects the domination of the lifeworld by the economic system, accepting the latter's priorities, and reflecting rather than challenging the de-moralisation of economy. Moral sentiments and arguments regarding economic activity, rights and responsibilities, continue to affect advanced capitalist societies, although their influence is frequently limited by system forces: the moral economy is in retreat on some fronts and advancing on others. Major political economic changes such as the rise of neoliberalism and the shift from a Keynesian welfare state to a workfare state also involve major changes in the moral economy. (15) Politics is partly about the disputation of



responsibilities for others and hence partly about morality, and economics is about how we meet responsibilities to others as well our own needs.

## Footnotes

1. E.P. Thompson, "The moral economy of the English crowd in the eighteenth century", in Thompson, *Customs in Common* (London: Merlin, 1971).

2 I do not see these two aspects as sharply divided, As critical social science argues, to some extent positive studies require critical, implicitly normative assessments of actors' accounts in order to assess whether they are adequate as explanations of what happens. See A. Sayer, *Realism and Social Science* (London: Sage, 2000).

3 J. Gray, *False Dawn* (Oxford: Clarendon Press, 1998).

4 Sayer, *Radical Political Economy*.

5 N. Fraser, *Justice Interruptus: Critical Reflections on the Post-Socialist Condition* (London: Routledge, 1997).chapter 2.

6 This aim is compatible with the work of several others e.g. A. Sen, *Ethics and Economics* (Oxford: Blackwell, 1987), Hodgson, 'Economics, environment' and *Economics and Utopia*, and M.A. Lutz, "Centering social economics on human dignity", *Review of Social Economy*, (1995), pp.171-194, L.Doyal and I.Gough *A Theory of Human Need*, (London: Macmillan, 1991). A. Wolfe, *Whose Keeper?: Social Science and Moral Obligation* (Berkeley, Ca.: University of California Press, 1989) . *Feminist Economics*, various issues; J. A. Nelson, "The study of choice or the study of provisioning?: gender and the definition of economics", in J. Ferber, and J. A. Nelson, (eds.) *Beyond Economic Man* (University of Chicago Press, 1993).M. Daly, "Comparing welfare states: towards a gender-friendly approach", in D. Sainsbury (ed.) *Gendering Welfare States* (London: Sage, 1994), pp. 101-117, N. Folbre, *Who Pays for the Kids?* (London, Routledge, 1994); N. Folbre, "Holding hands at midnight: the paradox of caring labor", *Feminist Economics*, 1, (1995); C. Jackson, and R. Pearson, (eds.) *Feminist Visions of Development* (London: Routledge, 1998). A. Carling, *Social Division* (London: Verso, 1992); J. Elster, *Making Sense of Marx* (Cambridge: Cambridge University Press, 1985). J. Foster, (ed.) *Valuing Nature?: Economics, Ethics and Environment* (London: Routledge, 1996). M. Albert, *The Political Economy of Participatory Economics* (Princeton: Princeton University Press, 1991); D. Ellerman, *Property and Contract in Economics* (Oxford: Blackwell, 1992).; and E. Ostrom, *Governing the Commons: The Evolution of Institutions for Collective Action* (Cambridge: Cambridge University Press, 1990).

7 B. Ehrenreich, *The Hearts of Men* (London: Pluto, 1983).

8 It is sometimes difficult to distinguish Marx's own views from those of the authors he is commenting on in this section of the Manuscripts, but then they were not intended for publication.

9 Moral decisions are not necessarily straightforward applications of rules but can involve complex and sometimes intractable dilemmas, and tensions between affective and moral impulses. Z. Bauman, *Life in Fragments* (Oxford: Blackwell, 1995)

10 J. Habermas, *Communication and the Evolution of Society* (Boston: Beacon Press, 1979), p. 6.

11 Z.Bauman, *Life*, p. 211.

12 Ellerman, *Property*.

13 Polanyi, *Great Transformation*. Basic income proposals are relevant here (e.g. F. Block, *Postindustrial Possibilities: A Critique of Economic Discourse* (Berkeley and LA: University of California Press, 1990), Offe, *Modernity, and* ; Offe, 1996; P. van Parijs, *Real Freedom for All*, (Oxford: Clarendon Press, 1995).

14 "It is inherent in the very nature of estrangement that each sphere imposes upon me a different and contrary standard: one standard for morality, one for political economy, and so on. This is because each of them is a particular estrangement of man and each is centred



upon one particular area of estranged essential activity; each is related in an estranged way to the other . . .", K. Marx, *Early Writings* (London: Pelican/NLR, 1975), p.362)

15 B. Jessop, "Towards a Schumpeterian Workfare State?", *Studies in Political Economy*, 40, (1993), pp. 7-39