

Confronting Market Fundamentalism: doing ‘Public Economic Sociology’

Fred Block

Department of Sociology, University of California, Davis, CA, USA

Correspondence: flblock@ucdavis.edu

This essay argues that Market Fundamentalism—a vastly exaggerated belief in the ability of self regulating markets to solve problems—has become hegemonic in the USA. While it is urgent that sociologists challenge these ideas, they are unlikely to be effective if they confine their efforts to writing articles and books. It is necessary to think strategically and work in concert with political allies to wage campaigns that will challenge Market Fundamentalism directly. The example of a campaign to strengthen the position of employees in the hotel and convention industry is used to suggest the kinds of alliances that are necessary.

Over the last generation, Market Fundamentalism—a vastly exaggerated belief in the ability of self-regulating markets to solve problems—has become firmly entrenched as the reigning public philosophy in the USA. Market Fundamentalism supports the aggressive export of US ‘free market’ principles, the continuous tax cuts of the current administration, the deepening economic inequalities in the USA, and the reduction of civilian governmental capacity that was illustrated in the failed response to Hurricane Katrina. Opponents of the current Administration criticize its specific policies, but they generally do so without challenging Market Fundamentalist ideas directly. Politicians, journalists, and even activists, fear that attacking Market Fundamentalism might place one ‘beyond the pale’ of legitimate discourse.

As sociologists, however, we have little choice but to critique Market Fundamentalism. Almost half a century ago, C. Wright Mills (1959) defined the three great questions that social scientists must answer for their societies: ‘What is the structure of this particular society as a whole?’, ‘Where does this society stand in human history?’, and ‘What varieties of men and women prevail in this society and in this period?’ To these questions, Market Fundamentalism answers that there is no society, just an enormous marketplace, peopled by rational actors pursuing their self-interest with the potential to create the highest gross domestic product in human history. There is no possibility for peaceful coexistence between these answers and those derived from the sociological tradition.

However, it is not enough for us to elaborate our alternative answers in the classroom or in publications circulated only to other scholars. Sociology is at risk if we fail to make our case in the public sphere as well. It seems highly likely that, if we do nothing, Market Fundamentalists will suggest that our universities should be purged of a misguided field that has made an illusion—the concept of society—the object of its inquiries.

1. Doing public economic sociology

While we need to take our case to the public, however, the best way to do this is far from clear. It is often assumed in debates over the merits of public sociology that the biggest problem is the reluctance of most sociologists to devote energy to reaching a broader audience. This is the ‘build it and they will come’ approach to public sociology; it assumes that the problem is entirely on the supply side. If we can just increase the number of people producing public economic sociology, we will have an impact.

Yet in economic sociology, the main problem has been on the demand side, that is the receptiveness of publics for the analyses that we have to offer. Over the last 25 years, a significant number of sociologists in the USA have entered

public debate on economic issues and have frontally challenged Market Fundamentalist ideas. On issues such as welfare policy, health care policy, income and wealth distribution, deregulation and corporate power, sociologists have routinely weighed in with op-eds, articles and books written for broader audiences. Yet what is striking is how few of these efforts have garnered any significant attention or had any visible impact on public policy.

Perhaps, the most dramatic example is welfare policy, where sociologists and allied social scientists have produced a very substantial body of work on the causes of poverty and the impact of welfare spending (O'Connor, 2001). In the 1970s, books rooted in these sociological understandings such as Piven and Cloward's *Regulating the Poor* (1971) and William Ryan's *Blaming the Victim* (1971) were widely read and debated, and policy makers were attentive to these arguments. However, after the publication of Charles Murray's *Losing Ground* in 1984, the public debate has been dominated by the arguments of Murray and other Market Fundamentalists. In 1996, when the Personal Responsibility and Work Opportunities Reconciliation Act was enacted, the voices of sociological experts were ignored (Somers and Block, 2005; Weaver, 2000). Moreover, despite worsening poverty since 2000, the public understanding is still that 'welfare reform' has been a great success.

Market Fundamentalist ideas, in short, are hegemonic; they have become part of the society's common sense. The consequence is that the gatekeepers who control access to the public sphere through their roles as editors, reviewers and pundits routinely deny space to voices that reject Market Fundamentalism. To be sure, the publishing marketplace is wide open enough that dissenting books can find publishers, but they are far less likely to get the reviews and publicity that are necessary for substantial sales.

Hegemony also means, though, that even when heterodox works sneak through and become more broadly available, they are still unlikely to persuade readers to reject Market Fundamentalism. For example, Barbara Ehrenreich's *Nickel and Dimed* (2002) is one of the rare dissenting books that has broken through in recent years and achieved best seller status. Ehrenreich did this by disguising her critique of low wage labour in the highly popular genre of the memoir. Readers of Ehrenreich's book are likely to be persuaded to support increases in the Federal minimum wage and other policies that help low wage workers, but it is unreasonable to expect them to come away from the book with an understanding that Market Fundamentalist policies have been directly responsible for the steady deterioration of working conditions and compensation for those at the bottom of the labour market.

The dynamic is similar to Thomas Kuhn's (1970) classic account of scientific paradigms. Both scientific theories and hegemonic ideas generate a certain number of anomalies—facts or findings that are inconsistent with the framework.

However, anomalies are not alone sufficient to weaken the hold of the dominant ideas. That requires additional work to prove that the anomalies are symptomatic of deeper flaws in the framework.

2. The deepening of hegemony

It is particularly troubling that the hegemony of Market Fundamentalism appears to have become even stronger in recent years, despite growing public disaffection with the current Republican administration. There seems to be very little public debate over alternative public policies despite the worsening of economic and social problems. Back in the 1980s and 1990s, dissenting economists and economic journalists such as Robert Kuttner, Robert Reich, Lester Thurow and William Greider periodically wrote books that reached a broad audience, but that has become increasingly rare. In recent years, dissenting books written by such eminent figures as Joseph Stiglitz, former Chief Economist at the World Bank and a Nobel Prize winner, and John Bogle, the founder of the Vanguard mutual fund, have failed to reach the best seller list (Bogle, 2005; Stiglitz, 2002, 2003).

One way to understand the strengthening position of Market Fundamentalism is by looking at the structure of the right wing's ideology. George Lakoff (1996) has argued that the right in the USA has organized its entire worldview around 'strict father' morality, but it is actually more accurate to say that the right has successfully sutured together two somewhat distinct sets of ideas. The first set of ideas can be termed 'Neo-traditionalism'; it is the argument that US society has been in decline because people have turned their backs on both traditional moral teachings *and* those authority figures who historically drew their legitimation from those teachings. (For the real impact of Neo-traditionalism on public opinion in the USA, see Baker, 2005.) The political program is to re-establish the dominance of a socially conservative Christianity, reverse policies that have legitimated abortion and homosexuality, and to restore respect for traditional authority in the family, church, and public sphere.

The Right has effectively tied this Neo-traditionalism with Market Fundamentalism to create its overarching worldview. Needless to say, this fusion creates a number of obvious anomalies, including the deep tension between libertarians and theocrats, who are both part of the right wing's coalition. However, the critical point is that it is the Neo-traditionalist side of the Right's ideology that has drawn virtually all of the public opposition and contestation. The battles over marriage rights for homosexuals, abortion, contraception, sex education and the separation of church and state have all generated powerful critiques of Neo-traditionalism.

Yet with all of this public contestation over Neo-traditionalism, the Market Fundamentalist ideas have been able to slide through and gain hegemony with

very little direct challenge. One can see the difference in the strategies of different activist groups. Those in the gay rights and reproductive rights community have had little choice but to attack Neo-traditionalist ideas directly, but the same has not been true of activists impacted by Market Fundamentalist policies. Whether the issue is welfare rights, labour rights or environmental protection, the preferred approach has been to fight for specific goals without elaborating a broad theoretical alternative.

One can hardly fault activists for these choices. If, for example, one is trying to protect poor people from the predatory lending practices of financial institutions, the chances of winning victories is likely to be diminished if one also attempts to take on the whole ideology of Market Fundamentalism, but the consequence of thousands of these pragmatic decisions is that, even when reform campaigns are successful, they fail to shake the hold of Market Fundamentalism on the public.

3. Implications for public economic sociology

Since Market Fundamentalism is so deeply entrenched in the USA, doing Public Economic Sociology requires something more than writing articles and books that are widely accessible. The truth is that, no matter how eloquently and powerfully we express our ideas in print, they are unlikely to have much of an impact. However, if the same ideas are on the bumper stickers and posters of social movements, then the possibilities for change increase substantially. In short, we have to begin to think strategically and this means building alliances with groups who stand to gain if Market Fundamentalism is challenged and weakened.

This requires entering uncharted territory and there are few models that can serve to guide us, but one recent initiative is useful for suggesting the potentials and possibilities of such alliances. To be sure, this particular alliance did not involve a frontal assault on Market Fundamentalism, but it did show that a powerful corporation could be forced to embrace rhetoric that is at odds with Market Fundamentalism.

Over the last few years, the American Sociological Association and other academic associations have been on a kind of collision course with UNITE HERE, the union that represents hotel workers in major US cities. In 2004, the ASA meetings were held at the San Francisco Hilton just as the old union contract was expiring. Fortunately for the Association, there were union rallies but no walkouts. During 2005, the Association made the decision to move the 2006 meetings out of New York City out of concern that the expiration of that city's contract might lead to a strike that could fatally disrupt the meetings. Around the same time, other academic associations were forced to shift the locus of

meetings at the last minute to avoid labour management conflicts in San Francisco.

These conflicts led some of us to imagine a positive sum solution to this problem. If the ASA and other academic organizations helped to create a standard setting organization for the hotel and convention industry, then it might be possible to both strengthen the union's bargaining position *and* decrease the danger that our meetings would be disrupted by labour conflicts. In the initial conception, this standard setting organization was to be called 'NORM'—the National Organization for Responsible Meetings. The name was intended to convey the insight of economic sociology that economic relations, including employment relations, are embedded in moral understandings.

The strategy was also based on the insight that employers in the hospitality industry can choose between a 'high road' strategy that involves cooperation with unions and decent wages and working conditions and a 'low road' strategy that pursues the reduction of labour costs through all available means (for an overview of labour's situation in the hotel industry, see Bernhardt *et al.*, 2003). While pressures from the financial markets might push managements towards the low road approach, it seemed possible that organized pressure from consumers might shift managers in the opposite direction.

From the start, the strategy could only be successful if the idea was embraced by the union. A few associations would join NORM simply because they believe in labour rights, but for others, their decision would hinge on the argument that joining would help protect them from the disaster of meetings that were disrupted by labour-management conflicts. Only the union was in a position to make this argument credible.

Not only did the union embrace the idea, but its leadership decided to devote significant resources to building the standard setting organization. Along the way, the name was changed from NORM to INMEX—the Informed Meeting Exchange (www.inmex.org). In four months of intense organizing between March and June of 2006, almost 200 organizations were persuaded to become subscribers to INMEX. The roll includes other unions, religious organizations, minority organizations, environmental groups, political groups and a handful of professional associations including the ASA, the American Anthropological Association and the American Studies Association.

As it happened, the organizing occurred at a time when the union had made the Hilton Hotel chain its main target in a round of bargaining over the expiration of local contracts in New York City, Chicago, Honolulu and other cities. The national union had put on the table the demand that the Hilton chain agreed to remain neutral when the union engaged in organizing campaigns at the chain's non-union hotels. Such neutrality agreements have been a key element in successful organizing campaigns by the Service Employees

International Union and other unions, but most of the examples have occurred at the local or state level where the union is able to use some political leverage against the employer. There had been relatively few examples to date of major national corporations agreeing to neutrality.

Nevertheless, at the end of July 2006, the Hilton organization announced it had agreed to a contract with the New York City local and it had also signed a five year pact with UNITE HERE. The pact included an agreement by the company to remain neutral at an unspecified number of non-union Hilton hotels, cooperation between the union and management on measures to improve productivity, and language that UNITE HERE would grant Hilton the status of 'hotel management company of choice for the union'. The President and Chief Operating Officer of Hilton is quoted in the press release as saying:

'Well over 20 percent of our team members in the USA are represented by a union, easily the highest percentage in the industry, so we are accustomed to working constructively with those who represent our employees. It is in this spirit of cooperation that we are pleased to have reached this agreement with UNITE HERE.'

It is too early to evaluate the significance and durability of this pact. The union did reach agreement with the Hilton chain in October 2006 on terms for its San Francisco and Waikiki hotels, but it remains uncertain what impact the agreement will have on local hotel managers who have long histories of highly conflictual management practices. Even so, it is still significant that a major US corporation has deployed the language of cooperation and has backed that up with an agreement to neutrality on union campaigns at some of its properties.

It is hard to know how much of a role the union's effort in organizing INMEX played in Hilton's decision to sign a cooperation agreement, but Hilton has been particularly vulnerable to pressure from customers because it is more dependent on convention business than some of the other major hotel chains. Moreover, the clause in the agreement about the 'hotel management company of choice for the union' sounds like it is a reference to the union's new role in advising consumers about their hotel choices.

However, it is important to emphasize that, if INMEX played a role, it did so only in conjunction with rank and file hotel workers who were ready to place concrete economic pressure against the Hilton chain in New York and in other cities. Strategic alliances of this sort work precisely when they are able to link strong moral arguments with the kind of economic and political clout that organized workers can deploy.

4. Conclusion

This particular case is offered only as an example of what can happen when we think strategically as economic sociologists and focus our energies on building alliances. This means working in cooperation with activists and advocates to organize campaigns that simultaneously fight for concrete changes while also challenging the hegemony of Market Fundamentalist ideas. The range of possible campaigns is almost limitless from battles at the state level for progressive taxation, mobilizations against predatory lending in real estate, credit cards and pay day loans, efforts to shift public policy on climate change, and struggles to expand the access of poor and working class people to quality services such as child care, health care and higher education.

Our role in such campaigns would be an extension of our role as educators. We can help grassroots activists to recognize and refute the arguments of Market Fundamentalism and find powerful ways for them to communicate to the public that alternative public policies can and will work. We also need to educate people in the funding community of the importance of directly challenging the ideas that have given conservative forces a systematic advantage in our politics. It is only through such practices that we can hope to defeat the ideas that are currently hegemonic.

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