

CHAPTER SIX: THE LOGIC OF THE MARKET

High Noon

The idea of the United States as the Sheriff of Nottingham does not please everybody. On the contrary, according to Robert Kagan in *Paradise and Power* (Kagan 2003) the United States is, in a very responsible and self-sacrificing way, taking on the tough task of policing a disorderly world so as to enable decent people to live decent lives.

Kagan has in mind a very different kind of sheriff. His argument is rather like the plot of *High Noon*, starring Gary Cooper and Grace Kelly or, at least, one possible interpretation of that film.

According to this interpretation, Will Kane (played by Gary Cooper) is a town sheriff who wants to give up his job and live peacefully. But the Miller gang, the town hooligans, are a-coming, and they are gunning for the sheriff. Instead of running, the sheriff stands up to the Miller gang. He knows this is the only way to make a lasting peace so that citizens can have the chance to live in a democratic atmosphere of mutual respect.

Sadly, no-one in the town gives him serious help. They would rather tolerate the Miller gang's predations and put up with having their lives spoilt. Only the sheriff is prepared to get his hands dirty and take on the gory task of slaughtering the terrorising gang. Having done the job, like every true cowboy hero he rides off into the sunset.

In terms of this metaphor, Kagan sees America as the sheriff, Islamic terrorists as the Miller gang, and the world as the threatened town. Europe plays two roles: the sheriff's Quaker wife who hates violence at all costs, and the bar tender in the town saloon who serves drinks to all comers, good or evil, then hides beneath the counter when the bullets fly.

This analogy seems quite plausible - until you think about it.

Kagan gets the film's message completely wrong. The message is not that most people are either impractical idealists or compromising cowards who need a special breed of hero to protect them, following his own gut instinct and noble ideals.

No, the message is that *the whole community has a duty of care to all its members* and when this is neglected the result is violence and injustice. The sheriff's behaviour was part of the problem, not part of the solution:

- Why did the sheriff stay to face the Miller gang? To defend his personal honour.
- How did he deal with the situation? Violently.
- What did he do when the killing was over? He left.
- What difference did he make to the fundamental problem of creating a peaceful community in which the human rights of everyone were respected? Absolutely none.

Even if you were persuaded by the Kagan version of America as a noble and self-sacrificing 'global sheriff,' the American occupation of Iraq must surely have cast increasing doubt on the sheriff's capacity to get his way.

But what *are* the would-be global sheriff's intentions? According to one well-placed source (Thomas Barnett, who works at the US Naval War College), the overall strategic goal is to make sure that 'labour, energy, money and security all ...flow as freely as possible from those places in the world where they are plentiful to those regions where they are scarce' (Barnett 2004, 198). To give an example, if you invest manpower, capital and weaponry in 'exporting security' to Iraq, you can improve your access to its oil.

The global sheriff is the fixer, someone who does the job that is needed, then goes. In Iraq, for example, the 'best-case scenario' will be in place 'when America internationalises the occupation force...and successfully "indigenises" the apparatus of political control...Then you work to attract foreign direct investment and let Iraq's more than adequately educated masses do the rest' (291-2). In other words, get in, fix security, that is, guarantee business and property rights so the market is safe and investment can flow, then get out.

Barnett is expressing a central assertion of the US administration installed in 2000, which is that the market provides the golden road to freedom. In other words, when a society is free (ie where the market is dominant) its people have the basic ingredient they need to enjoy human rights.

But, assuming that human rights are worth having, what are the *specific* advantages of having them? One answer is: because they justify and embody the expectation that human beings should be enabled to live decent lives, in other words,

- lives from which unacceptable and routinely avoidable suffering and humiliation are excluded, and
- lives in which protection and support are available from others at times when the means of decent existence for an individual, community or society are threatened or destroyed.

Let us proceed on the basis that the definition just set out is reasonable. Is it also reasonable to suggest that by enforcing a universal human right to engage in market transactions and hold private property you are making it possible for all members of a society to live decent lives and have them protected?

This proposition received a relevant test when Hurricane Katrina arrived on the south-east coast of the United States on Monday 29th August 2005, bringing another airborne disaster, nearly four years after 9/11.

Hurricane Katrina

The 9/11 hijackers hit the most prominent symbol of American wealth and power, towering above New York. By contrast, Hurricane Katrina struck at the districts occupied by poor people of the Old South living below sea level in New Orleans.

The impact of the hurricane on its victims was traumatic. Several thousand people did not get out of New Orleans in time. Some took shelter in the Superdome, a huge sports stadium in the middle of the city. Many others were left in their homes. On Tuesday 30th August the 17th Street Canal levée broke, sending a flood wave through the city. Very soon eighty percent of the city was under water. The world's media quickly arrived. This spectacular disaster had been predicted for some time.ⁱ

By Wednesday 31st August there were about 25,000 people in the Superdome without food, water or facilities. There was violence and intimidation. Many thousands more were scattered through the flooded city without policing or support. Shops were raided for consumer goods and basic supplies. There was shooting. On Thursday a shot was fired when a helicopter tried to take people from the Superdome to safety. Rescue efforts were halted.

From Tuesday onward the New Orleans disaster was a lead story throughout the world. The enormous scale of the crisis was clear to all for three whole days before government agencies got their act together. The levée system failed on Tuesday. The help New Orleans needed did not arrive till Friday. Only then did significant amounts of food, water, medicine, troops and police appear in New Orleans.

The commander of the Louisiana National Guard's Joint Task Force told the *Army Times* on Friday: 'This place is going to look like Little Somalia.'ⁱⁱ It was remarkable to see soldiers and police pointing rifles at the men, women and

children they were rescuing from flooded houses, ordering them to put their hands in the air or lie on the ground. In such cases, the fear, distrust and contempt on both sides were palpable.

Hurricane Katrina had repercussions on world oil prices, since the hurricane put most of the region's refining capacity out of action. The hurricane was a global event in another way also. The American response to Katrina gave the whole world a stunning exhibition of upper-class arrogance combined with uncaring incompetence. This probably caused much more 'shock and awe' amongst global spectators than any number of spectacular smart bombs falling on Baghdad.

The public display of America's 'domestic life' presented to the world in September 2005 was both unexpected and unintended. It was like a quarrelling family turning on the lights at home before closing the curtains, giving the world outside a glimpse of how they live.

The logic of the market

The aftermath of Katrina exposes a fundamental conflict between two approaches to human rights in American society. One approach may be labelled the 'duty of care.' It is the ethos that led the stranded residents of New Orleans to expect they would be helped and rescued. The other approach is the logic of the market, which should now be described in more detail.

By the logic of the market I mean the following sequence of reasoning:

- the possession of private property is the best way for people to maximise their chances for survival and comfort, enabling them to live decent lives as full human beings;
- people who do not own sufficient property to be full human beings are in a humiliating situation and it would be reasonable to expect them to try and get out of this situation by any means open to them;
- wealth and the capacity to own property are generated through the market, which must remain open to all talents;
- the market generates wealth most efficiently when people are given the freedom to pursue their own profit-seeking plans single-mindedly and vigorously within the law;
- the law must, above all, protect the right of people who own private property to enjoy it undisturbed in ways that they choose;
- through the market, wealth flows to those who are most energetic and cunning, which is only fair since they are the ones who deserve it;
- the poor are poor because they lack sufficient energy, guile and forethought to equip themselves to be effective players in the market;
- it is a proper task of government is to prevent poor people who are discontented with their humiliating situation from organising to undermine market institutions or steal the wealth of those who have earned it, deservedly, through the market;
- private wealth in homes and businesses should be protected through tough policing and efficient prisons; and
- efforts should be made to undermine by any legitimate means the credibility and effectiveness of 'socialistic' enterprises, including

expensive welfare programmes which interfere with the market by creating the wrong attitudes and giving people habits of dependence.

In terms of the interplay between *freedom, agency, security and recognition* discussed in chapter two, the logic of the market does two things:

1. It places much more emphasis on providing everyone with the *freedom* of the market (the right to buy if they have the money) than on giving the poor and weak *security* (the right to support and protection if they do not have the money to use their market freedom).
2. It defines the socio-political order as a set of mechanisms for encouraging *agency* (especially business entrepreneurship) by private individuals and companies rather than a way of giving effective *recognition* to the social rights of those who are marginalized.

This pattern of thinking means that the poor are both pitied and feared. In the South, where Katrina struck, the historical effects of slavery intensify the situation. Its main legacy is the deeply embedded stereotype of Afro-Americans as being less 'human' than whites: human enough to be resentful and dangerous, but not human enough to be accepted as equals. There is an equally virulent, and equally inaccurate, counter-stereotype of whites as being cold and cruel.

New Orleans belonged to the Old South and most of its population were Afro-American.ⁱⁱⁱ Many survivors of the hurricane were evacuated to cities such as Houston in Texas, part of the more prosperous and modern New South and,

incidentally, home of the elder Bush and his wife, Barbara. The Old South and the New South are different in some ways but similar in others. Plantation society in the Old South was a form of absolutism. When slavery was abolished, the deep-ingrained racism it left behind was the basis of a rigid caste system in the cotton states whose memory remains strong even though racial segregation was officially abolished half a century ago. Texas and the New South think of themselves as being a cut above such backwardness. However, they, too, are inheritors of the honour code of which slavery was an extreme form.^{iv}

Wherever news arrived in neighbouring cities that the evacuees from New Orleans were coming, gun sales increased. The middling rich were quietly terrified. The super-rich behaved a little like courtiers at Versailles in the late eighteenth century, talking in a half-amused, half-frightened way about the degraded condition of the provincial peasantry. One well-known resident of Houston unintentionally played the role of Marie Antoinette. Here is a media report of her comments:

‘Barbara Bush ...was part of a group in Houston today at the Astrodome that included her husband and former President Bill Clinton, who were chosen by her son, the current president, to head fundraising efforts for the recovery.... [Referring to] the surge of evacuees to the Texas city, Barbara Bush said: "Almost everyone I've talked to says we're going to move to Houston." Then she added: "What I'm hearing which is sort of scary is they all want to stay in Texas. Everyone is so overwhelmed by the hospitality. And so many of the people in the arena here, you know, were

underprivileged anyway, so this--this (she chuckles slightly) is working very well for them.”” v

New Orleans, a poor, mainly Black city that mainly returned Democrats to Congress was not automatically at the top of the agenda for a federal administration mainly concerned with the interests of rich, mainly white people who voted Republican. In any case, the logic of the market, reinforced by racism, provided an explanation for why the people of New Orleans were in trouble and why they were having difficulties getting out of it: they were ‘evidently’ inadequate.

The logic of the market dictated that the main initial task of the police in New Orleans when the hurricane struck was to protect businesses from theft, whether motivated by starvation or greed. It absolved the rich from any blame for the humiliation and suffering that occurred. The disaster simply did not seem to be their fault or responsibility.

Many people in New Orleans had a different perspective, including those who pleaded for help through the media. There was a strong feeling that the duty of care was being neglected. Aaron Broussard, president of Jefferson parish, said the aftermath of the hurricane was ‘one of the worst abandonments of Americans on American soil ever in US history.’ In an open letter to President Bush on Sunday September 4th the New Orleans Times-Picayune complained that over the past days ‘the people trained to protect our nation, the people whose job it is to quickly bring in aid were absent. Those who should have been

deploying troops were singing a sad song about how our city was impossible to reach. We're angry, Mr. President, and we'll be angry long after our beloved city and surrounding parishes have been pumped dry. Our people deserved rescuing. Many who could have been were not. That's to the government's shame'. [23]

On the same day the paper reported that 'New Orleans City Council President Oliver Thomas (had) blasted the city of Baton Rouge and other Louisiana communities for what he called a callous refusal to take in refugees from his devastated city.' Meanwhile, the mayor of New Orleans, Ray Nagin, criticized nearby Jefferson Parish for refusing entry to people trying to escape from New Orleans crossing the bridge to the higher ground in the mainly white suburbs: "they were met with frigging dogs and guns at the parish line" and were told "We're going to protect Jefferson Parish assets." Nagin's comment was: "Some people value homes, cars and jewelry more than human life. The only escape route was cut off. They turned them back at the parish line." [36]

A few statistics will help explain the mayor's resentment at this apparent example of racial and class exclusion inflicted on poor Blacks by more comfortably-off Whites at a time of life-or-death crisis. The populations of the Orleans Parish (including much of down-town New Orleans) and Jefferson Parish (part of the New Orleans suburban area) are approximately the same, each containing about half a million people. However, Jefferson is seventy per cent white with a home ownership rate of over sixty percent. By contrast, Orleans Parish is over seventy per cent black with a homeownership rate of under fifty

per cent. In Jefferson, 13.7 per cent of the population lives in poverty. In Orleans Parish the figure is 27.9 per cent.^{vi}

Between honour and human rights

The conflict between the duty of care and the logic of the market is not exclusive to the United States. It can be found in many other places throughout the world.

However, it takes a particular form in America because of two things:

- the special cultural and political position given to the market within that society; and
- the residual strength of the racist form of honour code inherited from the days of American slavery.

To make sense of the way the logic of the market works, not just in the United States but elsewhere, we have to start by recalling that there are two general approaches to humiliation (see figure 1).

One approach is to accept humiliation in all its many forms as a fact of life. That is the way of the honour code. Within this framework, the world tends to get ruled by those who humiliate others while those at the bottom experience very little other than being humiliated. The people in the middle of the social order have to suffer humiliation imposed by those above them but are able to humiliate those below themselves. This was the code of the racist Old South where those 'in the middle' were the poor whites.

The honour code also applies in tribal societies such as Iraq, where the ruling tribes, mainly Sunni Muslim during the time of Saddam's presidency, try as far as possible to relegate or exclude members of rival tribes (mainly Shia or Kurdish). Meanwhile, alongside this 'vertical' or top-down humiliation, there is a constant undercurrent of 'horizontal' humiliation and counter-humiliation between rivals within the main religious or ethnic groups.

The other general approach to humiliation is to 'outlaw' it and take all feasible action to eliminate it. That is the way of the human rights code which in its fully-fledged form includes a general 'duty of care' by society for all its members.

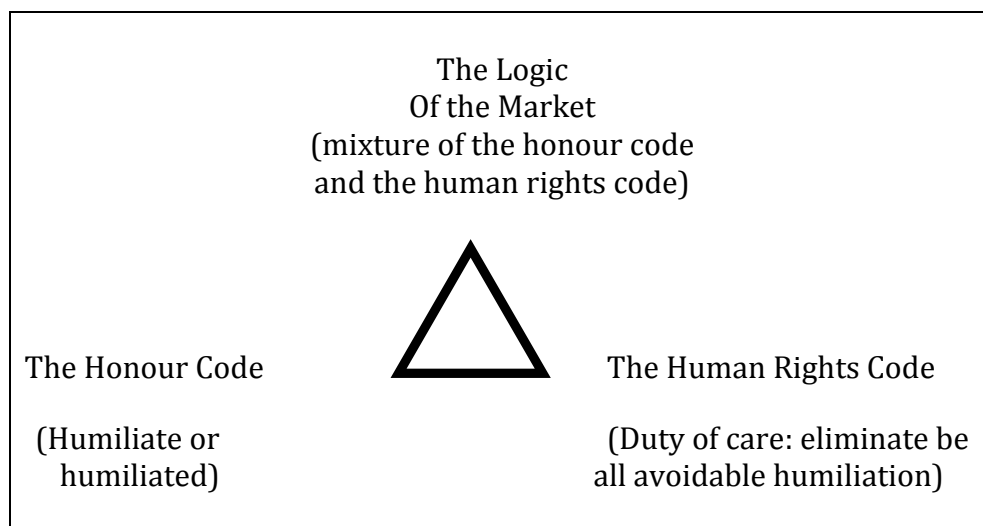
By *duty of care* I mean the idea that a society has a responsibility to take all possible actions that help to reduce, eliminate or alleviate social deprivation. By *social deprivation* I mean circumstances that lead to individuals or groups within that society being denied or deprived of the means of having a decent existence. A *decent existence* is one in which each individual is treated in a respectful way and given substantial opportunities to acquire an education, a job and other attributes commensurate with their capacities. If they are unable, through no fault of their own, to participate in society in this way, then they are protected from hardship.

To deny or deprive someone of those means and opportunities, to which they have a right, either as a deliberate policy or by wilful or ignorant neglect is to impose humiliation upon them.

In many societies throughout the world at present, one or other of these two general approaches is dominant, although the other usually maintains a powerful presence. In the European Union, for example, the fully-fledged human rights code has held sway for many years. In much of Asia, the honour code has a much stronger presence, closely related to the residual strength of the extended family and the importance of ethnic and religious affiliations.

All these countries have been under intense siege during the past two decades from the United States and multilateral organisations pursuing the ‘Washington Consensus.’ They have been told to implement a third approach, the logic of the market, in the name of globalization.

Figure One
The Logic of the Market: between Honour and Human Rights



As we have already seen, the logic of the market is neither fish nor fowl. It does not fall exclusively in the human rights camp. Nor is it a straightforward honour-code approach. In fact, the logic of the market has a bit of both:

- like the honour code, it accepts humiliation as a fact of life;
- like the human rights approach it says everyone has the right to aspire to a decent life and should be free;
- like the honour code it sees life as a struggle in which the winners are those people that know how to look after themselves;^{vii} and
- like the human rights code it wants to eliminate violence from human relationships as much as possible.

In practice, the logic of the market sometimes veers more strongly to the honour code than this balanced summary suggests. In other words, private property may use its power to imprison trouble-makers on a large scale, deliberately subjecting them to humiliating conditions. Also, a degree of violence or the threat of violence may be tolerated in the name of protecting private property.^{viii}

In its extreme manifestations, the logic of the market sometimes appears to be an honour code masquerading as a code of human rights.^{ix}

The peculiar aspect of the United States in the early twenty-first century is that, unlike other societies, the logic of the market has 'swallowed' both the human rights tradition and the honour tradition. This has happened during the last quarter of a century. The overt racism of the Old South has gone underground. So has the duty of care embodied in the New Deal tradition. Both the Republican and the Democrat parties are targeting the mainly white suburbs and broadly agree on the need to keep taxes low, business happy and government small. The

logic of the market no longer has any competitors. The United States has painted itself into a corner, for the moment at least.^x

Inside the Lexus

Standing in that corner is Thomas Friedman. For readers of the *New York Times* he is America's window on the world. He sees that world, figuratively speaking, through the window of a Lexus, symbol of all that is global and modern. The car speeds past olive groves, symbol of all that is local and traditional, groves Friedman expects to see uprooted, taken over by multinational companies, or turned into 'Olives R Us' theme parks.

In *The Lexus and the Olive Tree* (Friedman 2000) Friedman makes a contrast between the dynamism of societies such as the United States, which, he asserts, is thoroughly committed to globalisation and the logic of the market, and the inertia and resistance found in nations that prefer their own local ways and want olives from their own trees.

Friedman thinks globalisation is an irresistible force that imposes a harsh but ultimately benevolent discipline upon every society. In his view, the United States is showing the way. Its assets are, in his view, a diverse population, efficient capital markets, transparent business regulation, democracy, flexible labour markets, cultural tolerance, a positive attitude towards risk-taking and innovation, and a willingness to think big.

The rest of the world is bound to want to follow the pathway of American success, thinks Friedman. To do so, he advises, they should adapt to rapid decision-making and change, accept the market and new technology as forces of creative destruction, harvest all the knowledge available to them, maintain a clear brand image as a country, and be open and transparent in all their dealings. Then they will fit more easily into a globalized world in which the spirit of connectedness and connectivity tear down all walls and barriers. Globalization turns enemies into competitors, forces businesses to decentralise, and democratically welcomes anyone with enough information, finance and the right basic technology.

Friedman's account of the logic of the market links economic deregulation with political democratisation, and relates both to rationalization in the spheres of science, technology and government. We will return to his work later. For the moment, let us notice he is part of a small flotilla of analysts sailing in broadly the same optimistic direction. ^{xi}

Francis Fukuyama arrives at conclusions broadly compatible with Friedman's but by a more complex intellectual route. In *The End of History and The Last Man* (Fukuyama 1992), Fukuyama gives a special place to science and technology which confer military advantages on the most highly developed states, permit the accumulation of wealth and allow an ever-increasing set of human desires to be satisfied. Because all countries that modernise want these advantages, they are bound to develop the rational and efficient institutions that produce them.

They are, therefore, also bound to become more alike: urban, industrial, scientific and capitalist.

Science leads to capitalism, argues Fukuyama, but 'there is no economically necessary reason why advanced industrialization should produce political liberty' (xv). To explain why it does he turns to Hegel who assumes, like Plato before him,^{xii} that human beings have a strong 'desire for recognition' (xvi). If this is denied they feel angry. If they fail to live up to their own standards they feel shame. According to Hegel such desires and emotions 'are what drives the historical process' (xvii).^{xiii} Here Fukuyama's argument overlaps with the case made, in different ways, by Honneth, Margalit and Sennett.^{xiv} However, Fukuyama's analysis is more optimistic than theirs.

Fukuyama follows Hegel's account of history as a battle for prestige which initially divided society into masters and slaves but then led to dissatisfaction. Slaves did not want their servitude; masters did not want to depend on the worthless recognition provided by abject slaves, in other words, imperfect human beings. The French and American revolutions resolved this contradiction.

The solution was for the state to grant rights to all members of the society: in other words, democracy. In the international arena this led to the break-up of empires and recognition of the rights of national states. This process was completed with the break-up of the Soviet Union. So, argues Fukuyama, since the force that drives history has been largely satisfied, our 'truly global culture' (126) has arrived at the end of history.^{xv} Liberation has displaced humiliation.^{xvi}

Bitter olives

Many analysts refuse to join the Friedman-Fukuyama flotilla. They are not convinced that the logic of the market drives clearly and straightforwardly towards prosperity, rationality and liberation. Nor do they think the game is over or its rules settled.^{xvii}

No, they say, the world is becoming more insecure and risky. The labour force is undergoing ‘Brazilianisation’ (Beck 1999b, 161), losing its job rights.^{xviii} The old contract between employers and employees is breaking down. Loyalty and hard work no longer bring security and a good life. Ordinary people don’t feel so insulated from the inherent riskiness of science, technology, business and government. People increasingly see themselves as potential victims. Humiliation is a more prominent feature on their horizon than liberation.

Figure Two
Some Possible Costs and Benefits
of the Global Logic of the Market

	Political	<i>POSSIBLE COSTS</i>	Economic	
For Rulers/ Leaders	<i>Humiliating loss of face</i>		<i>Corruption</i>	For Rulers/ Leaders
		<i>POSSIBLE BENEFITS</i>		
		new technology, new jobs, flexible labour market, efficient capital market, transparent business regulation,		

		democracy, innovation, rapid social change liberation	
For Ordinary People	<i>Resentment</i> <i>Desire for Revenge</i>	<i>Loss of job rights</i> <i>Increased risk</i>	For Ordinary People
	Political	Economic	

How do you balance gains in economic productivity against the costs of losing political face? Here is Josef Joffe: ‘whether among men or nations, the most intractable conflicts are those that centre on pride, prestige and position. Russia has lost an empire; democratic or not, it may want it back...China remembers itself as the ‘Middle Kingdom’, one that was humiliated first by western, then by Japanese imperialism...Japan modernized without Westernizing...pride and resentment might come to weigh more heavily on the Japanese soul than the memory of utter devastation between 1941 and 1945.’

In Joffe’s view, ‘The Islamic world...is the most combustible segment of the international system ...(with) regimes incapable of granting either democracy or prosperity to their populations, ineradicable memories of lost glory and humiliation by the West, an ideology that refuses to distinguish between mosque and *majlis* (parliament), simmering conflicts within and between states, and , above all, the temptation to close the power gap between itself and the West with the short cut of nuclear weapons’ (Joffe 1998, 48-9).^{xix}

Robert Harvey (Harvey 2003) has his own list of threats to global stability: not just the nuclear proliferation crisis,^{xx} but also disintegrating states such as Yugoslavia, Afghanistan, Yemen, Sudan, Somalia, Chechnya, Congo and Columbia, poverty, mass migration, hunger, disease, debt, the globalisation of crime, including drugs trafficking, and the absence of enforceable human rights in many parts of the world.^{xxi}

Harvey, a former Conservative MP and assistant editor of *The Economist*, does not share Alan Shipman's confidence in large business corporations. Harvey recalls the capitalist free-for-all that incubated communism, and warns that 'global capitalism is reaching a critical mass of irresponsibility and remoteness that could incubate another horrific anti-capitalist changeling early in the millennium' (269).

Robert Kaplan surveyed this unstable world at ground level for his book *The Ends of the Earth* (Kaplan 1996). He travelled, mainly by bus and car, from West Africa, through Egypt, Turkey, Iran, central Asia, and India to Southeast Asia. Appropriately, one of the first places Kaplan came to was called Ajame-Bramakote: Bramakote means 'no choice' (Kaplan 1996, 15). Kaplan thinks he has seen our global future in the scenes of hopelessness he found in rapidly growing cities where disease, disorder and despair were getting beyond the control of government. In most places nobody was in control of the situation although some were profiting from it.

Only occasionally, as in the Rishi Valley in India, did Kaplan find a local population that was successfully regenerating its environment and securing its livelihood without outside help.^{xxii} Sri Naidu, the Rishi Valley estate manager told Kaplan: ‘A society has to self-discover things, even if it is already known to outsiders. That way it will stick through experience and become ingrained in the local mentality’ (Kaplan 1996, 367).

Contrast this case with the story Kaplan heard in Sierra Leone where a member of the government told him his country was suffering ‘ “the revenge of the poor, of the social failures, of the people least able to bring up children in a modern society. The boys who took power in Sierra Leone [in 1992] came from houses like this,” he said, jabbing his finger at a corrugated metal shack a few feet away, teeming with children. “On Wednesday they took over, on Friday they robbed the central bank. In their first three months in office, these boys confiscated all the official Mercedes, Volvos and BMWs and wilfully wrecked them on the road.” The minister mentioned one coup leader...who shot the people who paid for his schooling, “in order to erase the humiliation and mitigate the power his middle-class sponsors held over him” (32-3).^{xxiii}

Such feelings are not confined to Africa. The revenge of the poor may also take place in New Orleans or Watts or in any big city anywhere in the world. Perhaps it has hardly begun. If and when it happens it will probably take many people by surprise. This is because for decades the voice of the poor has been drowned out by the voice of big business.

Marketing the market

The one thing that most people 'know' about globalisation is that big business is now a large part of it. One reason they 'know' this is that big business tells them so, repeatedly and loudly. This is the latest episode in what has been, and continues to be, a difficult historical journey for merchants and traders.

During the twentieth century business had to demonstrate considerable flexibility in its pursuit of profit. Market operators had to be prepared to ride in whatever socio-political vehicle was going, persuading those in the driving seat to let them come along for the ride.

The political and moral climate has changed quite radically, in more than one direction, in the space of a few decades, even if we leave aside the challenges of trading in or with fascist or communist regimes. By 1900 Western business entrepreneurs had become well adapted to European imperialism: drilling for oil here, mining for gold there, sending their agents north, east, south and west to make sure whiskey, tobacco, cooking soda, marmalade and other home comforts graced expatriate kitchens and verandas from Mombassa to Mandalay.

Fifty years later, in 1950, the world had changed. European imperialism was politically incorrect, and social democratic governments were setting a new tone. The Keynesian welfare state was in full spate and national planning was the vogue. Business needed to hitch another ride. It made itself part of the planning process, tying itself to the state and its social purposes, winning prestige by doing this.

Fast forward another half century: the game had changed profoundly once again. By 2000 the Keynesian welfare state had gone out of fashion in the United States and much of Europe. One reason is that a large part of the generation born in the 1940s, the main beneficiaries of the welfare state, got themselves good jobs, felt more secure, bought their own homes, and began to think of themselves as property owners who could look after their own interests without government interference. They started to object loudly about paying taxes to support people who had not been so successful. They wanted to pull the ladder up and leave the stragglers down below.

Governments that took a 'profligate' 'tax-and-spend' approach were voted out. One result was a fashion for the privatisation of many government functions, from air traffic control to prisons. Government sold off as many assets and functions as they dared. For a few years this squared the circle, bringing in extra income while allowing well-publicised tax cuts to take place.

This new climate appeared first in the 1970s, especially in Britain and the United States. By that time, central government's authority had been significantly weakened in both these countries. The root cause was a successful revolt by nationalist and tribal movements in many parts of the world against Western imperialism. This new refusal to kow-tow led to a chain of humiliations for the West in Asia, Africa and the Middle East during the 1960s and 1970s, culminating in the oil crisis, the US withdrawal from Saigon, the devaluation of the dollar and the US embassy siege in Tehrahn. It was a dramatic payback for two centuries of Western imperial rule.

The overall result was, at first sight, disastrous for business and the market. In the late twentieth century they lost the political and ideological cover that the colonial empires and later the Keynesian welfare state gave them in the past. Imperialism and social democracy had provided larger frameworks around which business and the market could entwine themselves. In those days, big businesses could justify itself on patriotic grounds. It had been able to infiltrate its own private interests into these grand enterprises with their great public purposes.

However, by the 1980s these hosts, so to speak, were dying off. It became much more difficult to suggest that profits made by business were won in the service of a larger public interest. Instead, multinationals began to seem like modern Vikings, scouring the oceans and continents for attractive targets. It became much easier to say that business was too powerful, too greedy and too irresponsible.

In other words, after a century of borrowing other people's imperialist and national rhetoric, business and the market found they needed an ideology of their own. It was easier to dust off an old god rather than invent a completely new one. So Adam Smith, author of *The Wealth of Nations* (Smith 1979) was resurrected. Market fundamentalists^{xxiv} made selfishness respectable by claiming it had a public purpose. They found leading politicians, such as Margaret Thatcher and Ronald Reagan, who were happy to carry the message to a wider political public. Spokespeople for business and the market turned their potentially humiliating loss of face, their exposure as being selfish and irresponsible, into a propaganda triumph.

Market fundamentalists marketed the market. They re-branded it as an engine of human liberation. Their story was that supporters of the market had seen through the pretensions of the modern state which over-regulated citizens. They knew, they said, that behind the ‘emancipated’ social hierarchy running the welfare state were the same old absolutist pretensions. They said the state was intrinsically rigid, unjust, anti-enterprise and hostile to the broadening of opportunity. Best to keep it weak and small. Best to leave the work of society as far as possible to good citizens in groups and networks such as those forming naturally within the market place.

In practice, this approach has had major consequences at both the national and global levels. Within national societies, the activities of private investors and private consumers have been promoted as the key expression of democratic citizenship. Private market decisions have moved into space previously given over to public debate. The idea that the people as a whole should have the most powerful say in how their social, economic and cultural environment develops, and that this voice should be expressed and enforced through democratic government, has been allowed to whither. ^{xxv}

How the market can humiliate

If you have enough money or credit to get what you need for a decent life, then the market is not a matter of life and death. Instead, it is a serious game, sometimes stressful, sometimes entertaining. At the very most this applies to twenty per cent of the world’s population. For the other eighty percent, the market generates repeated humiliation.

This does not apply so much to local markets where people deal on familiar terms with each other, buying and selling the goods and services they need. In such cases, the local crowd provides a moral pressure that keeps the game relatively fair according to its lights. In other words, the law of supply and demand is interwoven with a complex structure of social obligations to do with family, religion, custom, tribal or ethnic sensitivities and the prevailing view of 'how we do things round here.'

However, markets of this kind are marginalized when outsiders with a new range of goods and services and powerful backing move into the local area. This has occurred many times over the centuries as regional, national and international market networks have penetrated into previously sheltered enclaves. It may be that fears engendered by this disturbing process lie behind the popularity of a folk tale such as the Pied Piper of Hamelin, which, like the Robin Hood legend, is set in the late Middle Ages.

The outsiders bring new values, a new set of cultural attitudes embodied in their goods. With their deep pockets, they undercut local prices and overbid local competitors for facilities. Once installed locally, they use their links with wider networks to offer new opportunities for talented and cooperative locals, especially the young, some of whom move out into these wider networks. If too many local people prove too troublesome, the powerful outsiders withdraw their investments and move on to another locality.

Market transactions become disengaged from their previous intimate involvement with the do's and don'ts of the local culture. The local pecking order is disrupted. Some families and groups that did badly under the previous regime do much better in the new conditions. The old community leaders have their noses put out of joint. At the same time, many people discover that

- the skills, beliefs and assets they possess have little worth within the big new market place,
- the cost of acquiring marketable assets like a more 'modern' education much is much too high to meet,
- the place they were brought up to think of as 'home' is now more like a prison.
- they are becoming dependent on technologies brought by 'outsiders' over which they have no control and little understanding, and
- many of the younger, more adaptable people are being lost to the community as they quit their homes and discover the big, wide world, leaving their parents behind.

The painful drama just described has been played out repeatedly over many generations and centuries: in smaller towns and villages during the weaving together of national markets and, more recently, in larger cities as multinational corporations have MacDonaldised, Disneyised, Wallmartered, Hondarised, Toshiharised and Nokiarised the whole world.

Two sides of the story

There are two sides to this story. It is not difficult to see how the local audience perceives the drama just described. Powerful and glamorous strangers come into town and tell everyone about the good life available to emancipated citizen-consumers. They blow their magic flutes like the Pied Piper of Hamelin. At the same time they use their influence, directly and through bodies such as WTO and IMF, to make sure local business taxes are not raised to pay for a decent local infrastructure (health care, schooling, housing, pensions and so on). In other words, they get people excited about the good future they could and should have, then stop them getting it.

However, there is another side to this story, an important one. Suppose you are an ambitious, intelligent person in a non-Western country appalled by the poverty and ignorance all around you. Suppose you want to make a significant contribution to raising standards of all kinds in your country. What to do you do?

You may be very reluctant to enter the passionate and ruthless worlds of politics and religion, whose practitioners often 'play the humiliation game.' To do well there you probably need to have great wealth or many family connections. If you don't, you must become the servant of someone who has those things. Suppose you do not wish to play it that way.

That leaves the military and big business. In both cases, there are strong links to Western organisations, channels along which new technology, fresh investment capital and the latest organizational techniques can flow to your country. You

can be part of this process, especially if you get yourself to a good business school or military academy,^{xxvi} and get noticed.

The key test is performance. If you conduct successful operations you get promoted and can rise to the top. That is good for you. Perhaps you can also do good things for your society, or at least for your own children and grandchildren since you may want to give them the chance to live in a stable, prosperous country, without having to emigrate.

If you acquire sufficient influence as a corporate executive or a military officer you can make a contribution to the mission implied by figure two, which depicts possible costs and benefits of the global logic of the market. That figure shows the possible benefits of the global logic of the market as a kind of forest clearing that is surrounded on all sides by possible costs. How do you get your country into that clearing without its people being eaten alive by the beasts lurking within the surrounding forest?

Seen from this perspective, the mission of military and big business, working together, is to engineer stability within the political framework of the society and maintain it for a sufficiently long period to

- prevent the costs of business globalization (the global logic of the market) from getting out of hand while
- enabling substantial new resources (capital, skills, knowledge, organizational techniques, and modern attitudes) to come into your country and get embedded deeply in the socio-political fabric, not just

at the top but throughout the society, into the urban neighbourhoods and rural villages.

There is a trade-off. You are liable to be accused of being a servant of Western interests, especially by Western 'radicals' or, more seriously, by many political or religious leaders in your own country. However, like the home-grown but 'Romanised' provincial establishments of the Roman Empire in its latter days you are quietly building up the strength of your own society for the days when the Roman legions withdraw and leave your country to fight its own fights and make its own way in the world.

Summary

In this chapter we have discovered that the logic of the market excludes or minimises the duty of care and is an amalgam of the honour code and human rights code; reviewed arguments about the benefits and costs of the logic of the market; carried out a historical survey of the shifting relationship between business and globalization; analysed how the market can bring humiliation in certain circumstances; and seen how the market can, if skilfully managed, bring benefits to developing societies.

ⁱ See, for example, Chris Mooney, writing in *The American Prospect* three months before the disaster.

<http://www.prospect.org/web/printfriendly-view.wv?id=9754> (September 5th 2005)

ⁱⁱ 'Troops begin combat operations in New Orleans,' *Army Times*, 2 September 2005,

<http://www.armytimes.com/story.php?f=1-292925-1077495.php> (September 5th 2005)

ⁱⁱⁱ According to the US Census Bureau, in 2000 New Orleans's population stood at 485,000 of whom 326,000 were African-American. <http://factfinder.census.gov/> (September 5th 2005)

^{iv} See Nisbett and Cohen 1996.

^v http://www.editorandpublisher.com/eandp/news/article_display.jsp?vnu_content_id=1001054719,

(September 5th, 2005).

^{vi} US Census 2000.

^{vii} See, for example, Davidson and Rees-Mogg 1997.

^{viii} As is well known, the right to bear arms is enshrined in the American Constitution.

^{ix} See Veblen 1970, discussed in Smith 1988, 47-56, 65-70; Smith 1990. 77-97.

^x Interesting material may be found in, for example, Blustein 2005; Galbraith 1963; Gowan 1999; Micklethwait and Wooldridge 2004; Palast 2002; Peet 2004; Schwartz, Leyden and Hyatt 2000; Slater and Taylor 1999. For a longer historical context, see Arrighi 1994; Beard 1913.

^{xi} For example, Charles Leadbetter devotes most of his words in *Up the Down Escalator* to criticising the intellectual case for ‘chronic pessimism’ (Leadbetter 2003, 10). Then he offers his alternative. Its three main planks are the self-employed and self-reliant worker; public services organised around choice, open communication, decentralisation, innovation, and flexibility; and high-principled hopefulness. Ledbetter tells us to rise above ‘the current wave of pessimism’ (17), ignore the deceptive dream of a ‘great escape’ (44), and enter the liberating ‘age of self-rule’ (199). Alan Shipman, author of *The Globalization Myth* (Shipman 2002), takes a slightly different tack. His approach is: let the multinationals get on with it because we will all benefit from their skills and judgement. Their role is to help us all by providing a framework for our lives. Shipman thinks pessimists who criticise the market are playing into the hands of multinational corporations. His argument is: ‘Multinational companies...must inhabit a planet made economically unstable and environmentally unsustainable by their uncontrolled activity...Governments’ failure to resolve these problems...(has) forced big business to find its own solutions to over-production and under-consumption...Corporations have done so by setting up central planning systems that modify, manage or sidestep the market – far more effectively than any form of planning that capitalists or other anti-capitalists could dare contemplate’ (Shipman 2002, 227).

^{xii} In *The Republic* (Plato 1955), Plato describes three parts of the soul: the desiring part, the reasoning part and *thymos*, the desire for recognition by others as being worthy of esteem.

^{xiii} Fukuyama notices that ‘Dignity and its opposite, humiliation, are the two most common words used by (Václav) Havel in describing life in communist Czechoslovakia.. Communism humiliated ordinary

people by forcing them to make...moral compromises with their better natures' (168). Havel's first New Year 's address to the nation recalled previous times when people saw that 'The state, which calls itself a state of the working people, is humiliating workers... Throughout the world, people are surprised that the acquiescent, humiliated, skeptical Czechoslovak people who apparently no longer believed in anything suddenly found the enormous strength in the space of a few weeks to shake off the totalitarian system in a completely decent and peaceful way' (Quoted in *Foreign Broadcast Information Service* FBIS-EU, 2 January 1990, 9-10 and cited in Fukuyama 1992, 368, note 12). Havel was the first president of Czechoslovakia following the collapse of the Soviet Union in 1989.

^{xiv} See chapter 2.

^{xv} In Fukuyama's opinion, the remaining problem is as follows: the desire for satisfying recognition makes some of us discontented with the rewards that our rights bring us under capitalism. This is both because continuing economic inequality means some get less recognition than others (the diagnosis of the Left) and because political equality has reduced opportunities for some to stand out above the crowd (the diagnosis of the Right).

^{xvi} Historians have moved back into global issues in a big way in recent years. For example, Bruce Mazlish and his colleagues in the New Global History project are asking 'What are the forces of globalization shaping our world (for better or worse)?' For Mazlish, at least, if the opportunities for constructive dialogue between civilisations are taken up, the prospects for humankind look good. This is conveyed in the challenging title of his *Civilization and its Contents* (Mazlish 2004). See Gibbon 1993, Herodotus 1998; Braudel 1972; Braudel 1981-4; <http://www.newglobalhistory.com/> (20th May 2005); <http://www.newglobalhistory.com/mission.html>; Mazlish and Iriye 2005; Chandler and Mazlish 2005.

^{xvii} Martin Albrow (Albrow 1996), for example, reckons that the modern project of expansionist Western nation-states has run into insurmountable difficulties. They have tried to dominate and exploit the social and natural world, but failed. Social energies and cultural forces are slipping free from their control but we have not yet got the language to describe what is happening. Nor will it be easy to adapt or remake ourselves for the coming global era.

^{xviii} See also, for example, Beck 1992; Beck 1997; Beck 1999a; Beck 1999b.

^{xix} Joffe is leader writer for *Süddeutsche Zeitung* based in Munich.

^{xx} Harvey lists nine nuclear powers (US, Russia, Britain, France, China, India, Pakistan, Israel and North Korea), and seven countries that could assemble a nuclear arsenal at short notice (Japan, Germany, Brazil, Argentina, South Africa, Taiwan and South Korea). Libya, Iraq and Iran have made serious moves in a nuclear direction in the recent past. See Harvey 2003, 177.

^{xxi} See Harvey 2003, 177-213.

^{xxii} See Kaplan 1996, 354-68.

^{xxiii} It is possible that someone who voluntarily accepts help from another may initially feel a sense of shame about losing some of their independence. They may become angry at feeling ashamed and, in retrospect, develop a sense that they were unjustly forced to accept the help they took. In these circumstances, their sense of shame may be transformed into a feeling of humiliation, which they may feel justified in rejecting by taking violent revenge on the supposed perpetrator.

^{xxiv} On the term 'market fundamentalism,' see Soros 2000, xxiii-xxiv.

^{xxv} See Bauman 1988; Smith 1999, 105-9.

^{xxvi} Here is Barnett on his visit to Mumbai in 2001 where, along with many Indian admirals, he celebrated the fiftieth anniversary of the Indian Navy: 'Most had studied in the United States, with almost half of them being graduates of the Naval War College. I wasn't talking to a bunch of foreigners; it was more like a college reunion' (Barnett 2004, 233).