Moral Economy

By Jaime Moreno-Tejada | November 6, 2020

Moral economies are systems of exchange based on customary practice, which is assumed to be fair and equitable in relation to modern economic behavior. Moral economies are total systems, transcending the economy as it is commonly understood. In studies pertaining to the Global South, morality is often invoked to represent the resilience of subsistence economies to various forms of dependency: state expansion, imperialism, industrialization, and neoliberalism. Some scholars argue that moral economists idealize non-capitalist societies and critique the eminently Western-centric history of the concept.

The Concept

The concept of "moral economy" was first explained in detail in E.P. Thompson's 1971 essay, "The Moral Economy of the English Crowd in the Eighteenth Century". Thompson looked into the peasant riots of 18th-century England, and then set out to confront what he referred to as the "crass economic reductionism" (Thompson 1971, 78) of the existing historiography. In Thompson's view, the revolts were not simply a "spasmodic" reaction to hunger, as it was widely held, but instead "informed by the belief that they were defending traditional rights or customs; and, in general, that they were supported by the wider consensus of the community" (Thompson 1971, 78). Consensus cut across class boundaries – it included a sympathetic gentry, who legislated accordingly. "[P]opular intimidation" triggered "a bargaining situation" (Thompson 1971, 117) which had the effect of maintaining a "particular equilibrium between paternalist authority and the crowd" (Thompson 1971, 129). In Thompson's own words:

"It is of course true that riots were triggered off by soaring prices, by malpractices among dealers, or by hunger. But these grievances operated within a popular consensus as to what were legitimate and what were illegitimate practices in marketing, milling, baking, etc. This in its turn was grounded upon a consistent traditional view of social norms and obligations, of the proper economic functions of several parties within the community, which, taken together, can be said to constitute the moral economy of the poor. An outrage to these moral assumptions, quite as much as actual deprivation, was the usual occasion for direct action" (Thompson 1971, 178-79).

In a monograph entitled *The Moral Economy of the Peasant: Rebellion and Subsistence in Southeast Asia* (1976), American political scientist James C. Scott applied the concept to the uplands of Vietnam. Scott was not interested in riots, which he argued were a rare occurrence. What caught his attention was precisely the *absence* of riots – the question of how these societies maintained equilibrium when the risk of hunger was a life constant. He spoke of the existence of a "subsistence ethics" sprouting from a general "safety-first" rule and leading to concrete strategies such as "[p]atterns of reciprocity, forced generosity,

communal land and work sharing" (Scott 1976, 3). These, Scott argued, helped to keep each family afloat. Scott did not chastise patron-peon relations outright; instead, he noted that peasants were able to perceive degrees of fairness in the "principle of reciprocity" (Scott 1976, 170) upon which these relations rested. It was possible, in sum, for Vietnamese farmers to take advantage of peonage.

In recent years, the concept of "moral economy," understood in a narrower sense, has made its way into mainstream politics. For example, in 2020, Mexican president Andrés Manuel López Obrador published a book entitled *Hacia una economía moral* (*Toward a Moral Economy*). The volume introduces a "code of conduct" against corruption and the excesses of neoliberalism. In another highly visible example, in 2016, US politician Bernie Sanders referred to "the need for a moral economy" (MSNBC 2016) in the effort to reduce wealth disparity.

The Idea: Intellectual Sources

The idea of the moral economy dates back to Antiquity. It is present in Aristotle and in a sense is central to the philosophy of Confucius. Chinese economist Li Yining has published extensively on market "regulation by custom and morality" (2015: 29). In his history of debt (2011), US anthropologist David Graeber suggested the existence of an original morality inherent to every human transaction, prior to the appearance of state violence and monetary quantification. Graeber relied on numerous examples from different world regions, including India and the Middle East. Thinking specifically of Thompson and Scott, three ideological sources could be cited:

Christianity. While all major religions have attached morality to the economy, especially in a context of Westernization (see e.g. Tripp 2006), Christianity has arguably been the more influential faith in the academic critique of capitalism on moral grounds. Scott's book opens with a quote by R.H. Tawney. In the early 20th century, this English historian advanced his own brand of Christian socialism (See Rogan 2017). Tawney extolled the medieval "doctrine of economic ethics" (Tawney 1948 [1922], 21), an organic sense of social solidarity that, he argued, was not lost until the seventeenth century. The implication was that when religion retreated, society, and human nature itself, had suffered irreparable damage. "There is no place in medieval theory for economic activity," Tawney wrote, "which is not related to a moral end" (Tawney 1948 [1922], 31). The proponents of Latin America's Liberation Theology (opens in a new tab) worked closely with rural communities, emphasizing the "praxis" of Christian morality (through compassion) as a means to achieving social and economic justice.

Marxism. It is common knowledge that Karl Marx shunned the "opium" of religion. However, Tawney's claim that Marx was "the last" of the medieval theorists (Tawney 1948 [1922], 36) is justified. Between the lines in *Capital* and more openly in the *Economic and Philosophic Manuscripts of 1844* (1959), Marx portrayed capitalism as a calculated attack on human nature. The concept of alienation – of factory workers from their humanity – was first articulated in the *Manuscripts*. Austro-Hungarian historian Karl Polanyi read this early textwhen it emerged in Central Europe in the 1930s, before moving to England where he became acquainted with Tawney (Rogan 2017). Polanyi removed faith from Tawney's theory of history, placing all his bets in the post-Christian humanism of young Marx. The result was the monograph *The Great Transformation* – "of the natural and human substance of society

into commodities" (Polanyi 2001 [1944], 44) – whose publication caused considerable debate. From the 1960s, intellectuals from across the Arab world have added some of these ideas to an existing body of Islamic concepts, such as *maslahah*, loosely translated as welfare (Tripp 2006).

Anthropology. Marx never paid too much attention to the Global South. However, in some of his writings there is a sense that pre-industrial societies are deemed *morally* superior to "civilized" ones. The so-called *Ethnological Notebooks* (1880-2) reads like a jumble of annotated quotes from Lewis Morgan and Henry Maine, among other leading voices in the incipient science of anthropology, the purpose of which is to demonstrate the unnaturalness of modernity. Many of these authors were blatantly racist agents of European imperialism, but some dared to question the validity of evolutionary charts. In the 1920s, the trend became dogma. Margaret Mead's *Coming of Age in Samoa* (1928)set the tone for many of the later books conceived under the same premise. For instance, Marshall Sahlins' *Stone Age Economics* (1972) introduced the candid hypothesis that "[t]he world's most primitive people have few possessions *but they are not poor*" (Sahlins 2017 [1972], 37, author's italics). It is worth noting here that Sahlins had studied with Polanyi, an emigré from Vienna via London, at Columbia University.

Historical Geography of the Moral Economy

Until the 18th century, when the French physiocrats invented the idea of an autonomous economic sphere ruled by the logic of profit, the economy had been considered moral in principle, in so far as it meant the smooth running of the household (Götz 2015). As Jean-Jacques Rousseau wrote in the *Encyclopédie*: "Economy… originally means the wise and legitimate government of the home, for the common good of the whole family" (Rousseau 1755, 6). The Industrial Revolution laid the ground for the birth of a new science called political economy. Its novelty resided in the brushing aside of uncertainty – the human element – from the rhythms of the marketplace. In Thompson's view, Adam Smith's *The Wealth of Nations* (1776) inaugurated an empirical discipline "disinfested of intrusive moral imperatives" (Thompson 1971, 90).

Contemporary writings reflected evolving realities on the ground. The moral economy of the European peasant could only have existed while most "men were never far from the sight of corn" (Thompson 1971, 99). When transnational markets grew into what we now call globalization, simply explaining how bread materialized at the table became a matter of specialist concern. Peasants moved to the city, leaving the village and the extended family in disarray. The memory of the moral economy lived on in the urban picaresque of Charles Dickens and Victor Hugo, and the gentry's deep paternalism was duly replaced with the "philanthropic gloss" (Tawney 1948 [1922], 285) of a self-righteous middle-class. As cities expanded, so did the idea that industrial towns could and should be re-humanized. The work of Henri Lefèbvre (e.g. 1958 [1947]), the psychogeographers (e.g. Chtcheglov 1958), and David Harvey (e.g. 2013) provides philosophical substance to a global grassroots movement devoted to the protection and restoration of the urban commons.

In some ways, this movement channels a history of cosmopolitan yearning for an idealized elsewhere. That is the case since the Romantics reimagined the distant Other – be it "natives," "Orientals," "southerners," or "peasants" – as a pure and noble counterpoint to the

individualism, utilitarianism and boredom of modern life.

Critique and Counter-critique

The main criticism of the moral economists derives from the above observation. The idealization of rural life, feudalism in particular, is problematic. Anthropology has been linked to the myth of the Noble Savage – the Western-centric presupposition that "natural man" was free from sin. Starting in the late 1960s, a string of publications (e.g. Chagnon 1968; Freeman 1983) began to challenge this view with an equally marked ideological bent. The balance then tilted toward Hobbesian explications of human nature, now perceived as brutish rather than compassionate. Other scholars (e.g. Obeyesekere 1992) have charged against the idea, popular in the field of cultural anthropology, that non-Westerners, or pre-capitalist peoples, do not calculate costs and benefits like Westerners, or capitalists, do. One of the more explicit critiques of the "moral economy" appeared in Samuel Popkin's *The Rational Peasant* (1979), a study of Vietnamese farmers conceived as a response to Scott's book on the same topic. Popkin pointed out that peasants are in fact "political economists" in the way they think and act, prioritizing profit over doing the right thing – whatever that may mean. A necessary critique of both camps concerns the peasant perspective, which is often absent from the discussion.

Popkin's argument was powerful, and sometimes aligned with Scott's position. However, his characterization of the moral economists has been itself subject to a counter-critique. Popkin "exaggerates" (Moise 1982, 73) when he portrays Scott as a later-day Romantic. Sahlins discarded the fantasy of absolute reciprocity and Thompson never went as far as arguing that "morality" was the exclusive province of the laboring masses: the moral economy was a whole moral universe, a common ground between peasants and landlords. Finally, political economy was hardly rejected without further qualification. Epochs overlap: for Tawney, the last of the humanists was Marx; for Polanyi, it was Adam Smith. Eric Wolf's classification of Latin American peasantries (1973) showed how moral economies might work in practice. Wolf distinguished "corporate" communities, in which widespread private ownership coexisted with "the communal taboo on sale of land to outsiders" (Wolf 1973, 457). The same idea lingers in every one of these texts: for the economy to be moral, the community must survive capitalist encroachment and emerge from each trial, if not intact, in a recognizably traditional shape. The exact shape of a "tradition" is matter for speculation.

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