

CONTESTING MARKETS

Editorial Introduction

The idea of ‘the market’ has long held an important place in orthodox accounts of the capitalist economy. This is understandable given the important role markets play in the distribution of goods and services. However, the narrow emphasis on market exchange makes invisible other institutions and processes – social and ecological – that underpin such economies. Making capitalism synonymous with ‘the market’ diverts attention away from the structures of institutional power which shape and constrain freedom of choice in practice.

The contemporary era has been characterised by the extrapolation of this narrow analytical purview to more and more aspects of social life. Policy discourse has been reshaped around a framework that views markets as the most efficient means of allocating resources, with states understood as interferences in otherwise ‘natural’ market mechanisms. Concurrently, processes of deregulation, privatization and marketization have seen states engage the private sector for the provision of a larger range of social services. Furthermore, market-based arrangements have been proposed for an increasing number of policy issues: from ameliorating climate change, to the provision of welfare, childcare, essential services, health and education, for example. At the same time, markets are playing a greater role in people’s everyday lives, such as through superannuation, financial planning, and housing markets.

In the wake of the global financial crisis, some of the problematic social and economic consequences of markets and marketisation have been highlighted. The crisis has also generated debate on some of the blind spots within orthodox economic accounts of markets, their nature and operation. It is in this context that the Markets and Society Research Network at the University of Sydney brought together a multi-disciplinary group of scholars in its ‘Contesting Markets Symposium’ held from 30 September to 1 October 2010.

Revised and updated versions of the papers presented at that conference form the core of this special issue of JAPE. They comprise an engaging collection of articles interrogating different issues associated with markets and marketisation. The articles reflect a number of disciplinary perspectives – accounting, sociology, political economy, politics, and cultural studies – which are united in their critical engagement of orthodox conceptions of how markets work. They constitute a mixture of theoretical and empirical material providing explorations of the logic and operation of markets in specific contexts.

The first two papers are theoretically oriented, providing discussions of the socially constituted character of markets. Damien Cahill and Joy Paton survey how a range of perspectives in heterodox economics and economic sociology articulate the ‘social embeddedness’ of markets and market activity. They also consider recent developments in the neoclassical tradition that seek to encompass ‘sociality’ into their analysis. Being deeply critical of any notion of ‘*the* market’, Fred Block drills down into the question of whether it is possible to elaborate powerful critiques of the negative consequences of specific market arrangements while retaining the view that markets are socially constructed.

The following two papers probe market power. John Mikler takes aim at some dominant myths about markets, most notably that markets are autonomous entities with agency. Mikler contends, rather, that it is corporations and governments that are the purposive actors exerting control over economic processes and outcomes. Similarly, Evan Jones deconstructs some common myths in popular discourse about markets. With a focus on the way markets are understood by regulators and the financial press, he examines how this understanding has shaped the regulation of competition and helped to enhance the strategic position of large oligopolistic corporations in Australia.

The commodification that ultimately underpins marketisation is contested by the next two authors. They draw attention, in very different contexts, to the limitations and problems associated with markets in land and other ecological goods and services, pointing also to alternatives. Tim Anderson outlines the ‘economic logic’ of land modernisation and the problematic impacts of formal markets in the context of Melanesia. In the process, he provides empirical data demonstrating the presence of viable ‘hybrid’ forms of livelihood that remain invisible to an orthodox

‘market lens’. Frank Stilwell provides a survey of the potential policy approaches available for Australia (and elsewhere) in addressing climate change and other environmental problems. This is a timely intervention highlighting that the current market-based proposals - ‘putting a price on carbon’ - occupy only a small space in a spectrum where there are more potent political economic alternatives.

The relationship between markets and everyday life is the territory in which the next two articles contest marketisation. Fiona Allon considers how the political and economic changes associated with the era of ‘neoliberalism’ have transformed the household and people’s everyday experience of contemporary life. Liz McFall, on the other hand, takes an historical approach in her examination of the ways in which personal emotional considerations enter into the ‘calculations’ made by market participants. Her analysis of the development of life assurance markets for working class people in Britain reveals how these markets developed quite differently from what would be predicted by orthodox economic analysis.

The final group of articles examine specific case studies of privatisation and marketisation. First, Lynne Chester provides an investigation of the rules, challenges and barriers facing vulnerable Australians in their ‘consumption’ of essential goods and services, such as electricity, water, low-income housing, and services for the unemployed, where market-based provision has become increasingly prevalent. Second, Jane Andrew examines the process of prison privatisation in Western Australia, demonstrating how selective deployment of accounting tools framed public consideration in favour of privatisation even in the face of counterfactual evidence. Finally, Bob Davidson examines the human services industries where marketisation has been increasingly implemented by governments. Despite the rhetoric of ‘contestability’ which underpins much of the support for this process, the author demonstrates the points at which state regulation enters the marketisation process in the context of persistent ‘market failure’.

Joy Paton

Damien Cahill