



REVIEW ARTICLE

Rethinking markets to rethink economics

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The edited volume *Rethinking Markets in Modern India*¹ offers a fresh and stimulating look at the day-to-day fabric and running of markets in the Indian context, both past and present. Much more broadly, it is a solid contribution to the conceptualization of markets as a material, social, moral, political, and unequal process, and not as an abstract concept and a normative ideal. Yet the idea of the market as an abstract concept and as an economically and morally superior reality remains the foundation of neoclassical economics. And neoclassical economics tends to be increasingly hegemonic, both in terms of research and teaching. India is no exception.² The rich tradition of plural economics schools of thought has been constantly challenged since the neoliberal reforms of the early 1990s, and this is even more the case with the rise of the Bharatiya Janata Party (BJP) to power in 2014.³

Neoclassical economics conceptualizes the market as an abstract mechanism, which results from the confrontation of supply and demand between two types of actors—producers and consumers—who are assumed to be equal, rational, and seeking to maximize their individual interests. Moreover, neoclassical economics considers the ‘perfect’ market as the most efficient and fairest mechanism for allocating resources. Even though various branches of neoclassical economic theory have developed sophisticated models that relax certain assumptions, the market as the optimal and fairest mode of resource allocation remains prevalent. Of course, any theory aims at a

¹Ajay Gandhi, Barbara Harriss-White, Douglas E. Haynes and Sebastian Schewecke (eds), *Rethinking markets in modern India: Embedded exchange and contested jurisdiction* (Cambridge: Cambridge University Press, 2020).

²Rethinking Economics India Network, ‘Pluralism in economic education. A review of undergraduate programs in India’ (New Delhi: Curriculum Reform Project, 2022).

³Sudipta Bhattacharyya et al., ‘Economics education in India. From pluralism to neo-liberalism and to “Hindutva”’, in *Advancing pluralism in teaching economics* (London: Routledge, 2018).

stylized and abstract representation that results from a simplification of reality. But when theory considers its models as a faithful representation of reality and uses them to develop economic policies and advise decision-makers, then this becomes extremely problematic.⁴ This is why a detailed empirical analysis of the making and day-to-day life of markets is crucial—and that is what this book offers.

The discussion proposed here does not pretend to summarize the volume. It is simply impossible to do justice to the diversity of arguments, regions, sectors, and periods of history explored by the various authors. More modestly, I take some of the arguments, especially those offered in its introduction, and suggest some openings by referring to other recent research, in India but also elsewhere, and with a focus on my own field of expertise—debt and finance.

Empirical richness

The book draws on fine-grained explorations of field realities. Empirical richness is undoubtedly the first strength of the book. The reader discovers the account books of Tamil Chettiar bankers of pre-colonial India and the various techniques—financial, social, and moral—deployed to forge an efficient and powerful transnational financial community. Also in pre-colonial India, the reader is introduced to print advertising, the precursor of contemporary mass media, whose role was central in shaping ‘vernacular’ firms, local distribution networks embedded in specific local realities, and a new form of small-scale industrial capitalism. In the contemporary era, the reader continues to explore various market devices, from the grimoires and amulets of contemporary bazaars to the massive use of icons of divinity in building the reputation of bazaar vendors, from the disruptions caused by the introduction of electronic balances in agricultural markets to the crucial role of gossiping in shaping lenders’ and debtors’ reputations. The ‘morality of exchange’⁵ appears forcefully: where to sell (or buy); to whom; at what price; when, what, and how to pay; what records to keep of the transactions: all these questions obey precise cultural and moral norms set in time and space. Very clearly, markets appear to be both ‘moralized and moralizing’ (p. 236).

The reader becomes familiar with the complexities and intricacies of market jurisdictions: housing and the multiple and changing meanings of the very definition of ‘property’; the numerous and changing authorities that organize, structure, and control the purchase and sale of agricultural products; the multiple definitions of legal and illegal alcohol; how the regulation of lotteries inadvertently creates the conditions for various illegal activities; and finally, sand, where the state itself is the conductor of illegal extractivism and the rule of law seems to have lost all legitimacy. The sand

⁴William Lazonick, *Business organization and the myth of the market economy* (Cambridge: Cambridge University Press, 1993); Mariana Mazzucato, *The value of everything: Making and taking in the global economy* (New York: Public Affairs, 2018).

⁵Maurice Bloch and Jonathan P. Parry (eds), *Money and the morality of exchange* (Cambridge: Cambridge University Press, 1989).

market appears as the archetypal criminalized market, now a central feature of the contemporary Indian economy and democracy.⁶

The inadequacy of neoclassical economics

This thick description of concrete markets shows the inadequacy of the assumptions of neoclassical economics. Markets are not the meeting place of supply and demand, but first and foremost an ‘exchange’, as two of the four editors emphasize in a solid introduction that puts into perspective some of the threads of the book. It is first and foremost this exchange, imbued with morality, sociality, and power, as well as beliefs and representations of the world embedded in time and space, that shape the content and the nature of each and every market. The protagonists of market exchanges are not ‘homo economicus’ seeking to maximize their self-interest, nor ‘homo collectivus’ manipulated by the community or tradition (an equally problematic interpretation). The protagonists of markets are not reduced to a producer and a consumer (or a creditor and debtor). They include a wide variety of actors such as law enforcement, henchmen, intermediaries, or owners. All of them are first and foremost social and moral beings, filled with rights and obligations, juggling the search for accumulation or simply their survival, on the one hand, with the endless search for dignity, respect, and reputation, on the other.

The ‘self-regulation of markets’, another normative precept of neoclassic economics—which is supposed to lead to a fairer and efficient, morally and economically superior society—is also being shattered. Not only is the state instrumental in shaping market rules and often complicit in illegal and illicit markets, but ‘multiple sovereignties rather than a unitary state frame transactions culture in India’ (p. 14). These multiple sovereignties are sometimes contradictory, sometimes competitive, and obey multiple objectives: to control, to extract value (whether in the form of rents or taxes), to eliminate intermediaries, to moralize, and to discriminate against specific segments of the population (cf. the specific regulation of artisanal alcohol of the Adivasis in Jharkhand). This ‘baroque complexity’ (p. 16) engenders processes through which various sorts of jurisdiction overlap, sometimes resulting in conflict, where legal and state regulation often create the conditions for illegality, and where state regulation sometimes takes the form of its absence.

The various chapters offer telling examples of this ‘baroque complexity’: how the constitution of urban property as a market draws on overlapping jurisdictions where multiple forms of pre-colonial and colonial land are stacked and articulated; how the state, through the diversity of its entities and administrations, both redistributes through the food ration shops while organizing its own levies on this redistribution; how legal lotteries desperately need illegal lotteries for their own functioning; how the central state regulation of sand extraction is gradually turning into unbridled extractivism orchestrated by the ruling parties for their own financing; and how legal regulation is doomed to failure since it applies to the departments that are the primary violators of the law.

⁶Lucia Michelutti et al., *Mafia Raj: The rule of bosses in South Asia* (Stanford: Stanford University Press, 2018); Barbara Harriss-White and Lucia Michelutti, *The wild East: Criminal political economies in South Asia* (London: UCL Press, 2019).

This baroque complexity reveals an ambiguous, shifting reality, where relations between market protagonists are sometimes made up of conflict and combat and sometimes of complicity and collaboration, such as the solidarity between bureaucrats and populations or the collaboration between competing political parties to share the rent from sand plundering.

From these first two observations—embedded exchanges and contested jurisdictions—a third results: ‘Pliable markets’. Indeed, different chapters show how markets are constantly transforming, adapting, and reconfiguring themselves. Markets offer a ‘remarkable plasticity’ and this plasticity is both shaped by and constitutive of political stakes, ethical and moral norms, and social relations.

The narrowness and arbitrariness of economic categories

Indirectly, and echoing a long tradition of economic anthropology,⁷ the chapters highlight the narrowness and arbitrariness of economic categories, which are more a matter of a system of representation than of objective reality. This is very clear in the case of property, whose definition ‘remains fluid and flexible’ (p. 82). It is also the case for finance. From the Chettiars of pre-colonial India to contemporary informal lenders, finance appears to be more than a monetary transaction between a debtor and a creditor, but imbued with social and moral significance. Chettiar bankers scrupulously noted in their account books the amount of each transaction and also the nature of the social relationship with their borrowers, savers, or financiers. They distinguished kin from non-kin, affinal relatives from lineage clan, locals from strangers, themselves differentiated between Asian and European. For today’s informal lenders, the social cost of debt (and conversely its social profitability) appears to be just as important as its financial cost, for both the lender and the borrower. The reputation of the lender relates to his capacity to reschedule and to make moratoria in case of difficulty. The borrower’s reputation relates to their ability, not necessarily to pay on time, but to communicate possible repayment difficulties.

The editors suggest that this book ‘perceives capitalism’s unfolding from fresh angles that, in turn, may facilitate reevaluations of markets in Europe and North America’ (p. 3). They are perfectly right, although they do not give further details. The so-called ‘objective’ methods used by financial analysts to assess the ‘real value’ of companies are no more ‘rational’ than doing a puja, reciting a mantra, or offering alcohol to a deity. Sophisticated financial analytic methods simply act as a convention, a common cognitive framework for understanding the world.⁸ The methods of calculating GDP, public debt, and inflation—all expected to give an ‘objective’ account of a country’s wealth, obligations, and prices—also obey a multitude of arbitrary conventions and selective choices which in turn are based on and convey a specific conception

⁷Jane I. Guyer, ‘Endowments and assets: The anthropology of wealth and the economics of intrahousehold allocation’, in *Intrahousehold resource allocation in developing countries*, (eds) J. Haddad, J. Hoddinott and H. Alderman (Baltimore: The Johns Hopkins University Press, 1997), pp. 112–129.

⁸Horacio Ortiz, ‘The limits of financial imagination: Free investors, efficient markets, and crisis’, *American Anthropologist*, vol. 116, no. 1 (2014), pp. 38–50.

of the world.⁹ They are not false, but they are no more ‘objective’ than the account books of Chettiar bankers when they distinguished between their partners based on kinship, clan, or territorial ties.

It is also worth noting that in the current context of financialization, the overlap between credit and reputation, considered the ‘main asset’ of sellers, creditors, and debtors (this argument runs through several chapters of the book) is back in the news. Already noted by Bayly in his famous history of Bānaras bazaars,¹⁰ this is mentioned by several authors. The overlap was also at the heart of the expansion of markets in pre-modern Europe.¹¹ Contemporary financialized capitalism and its speculative functioning bring back to the forefront the crucial role of solvency and reputation.¹² States are now more concerned about the level of their public debt and their rating than about their true level of production or the unemployment rate, and companies are more concerned about their attractiveness to shareholders than about their true value. Individuals are now in dire need of debt to make ends meet and to care for their children and pay for their education. Here again, and with the introduction of sophisticated credit rating algorithms using social networks, reputation and solvency tend to become one. As the editors point out, the transformation of markets is not a linear process, much less an evolutionary one.

The authors rightly reject a deterministic view and argue that exchange ‘is embedded within relations that exceed one’s social affiliation [...]. The embedded exchange constitutes a transactional realm that touches on, yet eventually transgresses a specific community’ (p. 11). Indeed, exchanges between ‘natives’ and ‘migrants’ or ‘strangers’ are permanent; knowledge systems that predict good fortune combine religions; bazaar traders are bound by relations of neighbourhood and urban affinities.

The political economy of exchanges

If the idea of considering the market always as an ‘exchange’ is convincing, one can wonder about the political economy of the ‘embedded exchange’. Formalization would be the ‘end of humanity’, declares a bag seller from the bazaar of Bānaras (p. 258). One can imagine that he is referring to the crucial role of sociality, personal interactions, and the fear that formalization will make all this disappear. To some extent, although this may not be what the bag seller has in mind, his words also remind us of one of Polanyi’s main messages:¹³ attempts to ‘disembed’ the market in

⁹Florence Jany-Catrice, *A political economy of the measurement of inflation* (Cham: Springer, 2020); Anush Kapadia and Benjamin Lemoine, ‘From debt dirigisme to debt markets in France and India’, in *A world of public debts: A political history*, (eds) Nicolas Barreyre and Nicolas Delalande. Palgrave Studies in the History of Finance (Cham: Springer International Publishing, 2020), pp. 373–403, https://doi.org/10.1007/978-3-030-48794-2_15; Alain Desrosières, *The politics of large numbers: A history of statistical reasoning*, (trans.) Camille Naish; 1st edn, 1993 (Cambridge, MA; London: Harvard University Press, 1998).

¹⁰Christopher Alan Bayly, *Rulers, townsmen and bazaars: North Indian society in the age of British expansion, 1770–1870*, 1st edn, 1983 (New Delhi: Oxford University Press, 1998), p. 28.

¹¹Craig Muldrew, *The economy of obligation: The culture of credit and social relations in early modern England* (New York: Palgrave Macmillan, 1998).

¹²Michel Feher, *Rated agency. Investee politics in a speculative age* (New York: Zone Books, 2018).

¹³Karl Polanyi, *The great transformation: The political and economic origins of our time*, 1st edn, 1944 (Boston: Beacon Press, 2001).

pre-industrial Europe were dehumanizing, first and foremost because they destroyed people's 'traditional' protections (the family, the clan, the village). This was untenable and gradually different forms of alternative protection were put in place, leading to the 'great transformation'. What Polanyi did not or hardly commented on, and I am not sure that the bag seller perceived it either, is the fundamentally hierarchical dimension of these historical forms of protection. Whether they are based on family or village reciprocity or religious or feudal redistribution, historical forms of protection are subject to multiple hierarchies structured by social institutions such as class, caste, religion, gender, location, age, and so forth. Indeed, exchanges cross community affiliations and boundaries. But an infinite number of contemporary examples show to what extent exchange remains shaped by and constitutive of pre-existing social hierarchies.

The multiple efforts of the Indian government to 'modernize' the Indian economy and to extract it from social structures and traditions, including at the bottom of the pyramid, shows resistance similar to that of the bag seller. Take the case of the so-called 'financial inclusion' policies that are supposed to free poor Indians from moneylenders and allow them to save to protect themselves against the future. The poor are very credit-hungry, but access to 'formal' credit does not eliminate the wage advance from the labour recruiter, or the informal loan from the landowner, the local boss, the friend, the neighbour, or the maternal uncle. And if these various forms of exchange persist, it is not necessarily because the working poor appreciate being bonded to their labour recruiter: it is first and foremost because the wage advance guarantees them a job and protects them.¹⁴ With regard to bank savings, the results are even more disappointing for policymakers: many of the working poor make very little use of them, simply because it is much more rational to invest in other forms of storage and circulation of value that protect them much better than a bank account would. They more often invest surplus cash in the form of 'investment in people'¹⁵ (such as ceremonial expenses), or multipurpose money (gold in India, while elsewhere it could be livestock, seeds, precious fabrics, and so forth).¹⁶ However, such protection comes at a price.

Let us take the example of caste. Caste is a malleable, evolving concept, sometimes used tactically. Nevertheless, the 'economics of caste' cannot be ignored.¹⁷ When the exchange is formalized by a contract, the role of caste becomes subtler, more indirect, and more discreet. The contract can give the illusion of equality—here, the precepts of

¹⁴Isabelle Guérin, 'Bonded labour, agrarian changes and capitalism: Emerging patterns in South India', *Journal of Agrarian Change*, vol. 13, no. 3 (2013), pp. 405–423.

¹⁵Jane I. Guyer, *Money matters: Instability, values, and social payments in the modern history of West African communities* (Portsmouth; London: Heinemann/James Currey, 1995).

¹⁶For the South Indian case, see Isabelle Guérin, Govindan Venkatasubramanian and Santosh Kumar, 'Rethinking saving: Indian ceremonial gifts as relational and reproductive saving', *Journal of Cultural Economy*, vol. 13, no. 4 (2020), pp. 387–401. For other parts of the Global South, see Gustav Peebles, 'Rehabilitating the hoard: The social dynamics of unbanking in Africa and beyond', *Africa*, vol. 84, no. 4 (2014), pp. 595–613; Parker MacDonald Shipton, *Credit between cultures: Farmers, financiers, and misunderstanding in Africa* (New Haven, CT: Yale University Press, 2010).

¹⁷David Mosse, 'The modernity of caste and the market economy', *Modern Asian Studies*, vol. 54, no. 4 (2020), pp. 1225–1271.

neoclassic economics play their performative role. Nevertheless, caste remains a powerful classification operator that is precisely shaped by exchange. In many places in contemporary India, and even as the market economy has gained ground, one rarely borrows from or works for someone 'lower' than oneself according to local systems of social hierarchy.¹⁸ Gender, insufficiently explored in the book, calls for similar commentary.

Social status and belonging also shape reputations, rightly considered an essential asset by different authors. Social status and belonging also shape to whom the various jurisdictions apply, who benefits from them, and who fixes them. Not everyone benefits in the same way from multiple and contested jurisdictions, as the chapters on sand and alcohol make clear.

Here again, the case of finance is illustrative. Considerable arrears and non-performing assets plague the Indian banking sector.¹⁹ This is part of the criminal economy described by Barbara Harriss-White and J. Jeyaranjan and allows the most powerful to default on their debts and absolve themselves of the repayment ethic. This criminal economy relies on a particular reputation: the 'bosses' of the Mafia Raj.²⁰ As figures who are both 'admired and feared', the bosses (most often men) possess 'quasi-magical powers' and a 'charismatic authority', and in fact 'the art of bossing' consists above all in exercising their 'personal sovereignty'.²¹ At the other end of the social scale, the financial inclusion policies mentioned above—also qualified as 'working class credit'²²—have spread over the last two decades, primarily aimed at women. Both jurisdiction and reputation are very different here. Thanks to now very sophisticated credit scoring devices and biometric techniques, repayment default is tantamount to being blacklisted and losing one's solvency. The result is a very different repayment ethic. It explains why, at the time of writing this article, as the Covid-19 pandemic (and first-and-foremost, the lockdown) ravaged many livelihoods, one of the first anxieties of the Indian working poor, and women in particular, is to repay their loans to financial companies.²³ As we can see, while reputation forges exchanges at different ends of the social ladder, reputation does not mean the same thing to everyone. And, obviously, not everyone has the same ability to challenge the courts.

¹⁸For labour, there is extensive empirical evidence. See, for example, Barbara Harriss-White, *India working: Essays on society and economy* (Cambridge: Cambridge University Press, 2003); Alpa Shah et al., *Ground down by growth. Tribe, caste, class, and inequality in twenty-first century India* (London: Pluto Press, 2018); Geert De Neve, *The everyday politics of labour: Working lives in India's informal economy* (New York: Berghahn Books, 2005); Floriane Bolazzi, 'Caste, class and social mobility: A longitudinal study in a North Indian village, 1958–2015', PhD thesis, Università degli Studi di Milano/University Paris Diderot, 2020. For a review, see Mosse, 'The modernity of caste'. For debt, see, for instance, Isabelle Guérin, Bert d'Espallier and Govindan Venkatasubramanian, 'Debt in rural South India: Fragmentation, social regulation and discrimination', *The Journal of Development Studies*, vol. 49, no. 9 (2013), pp. 1155–1171.

¹⁹C. P. Chandrasekhar and Jayati Ghosh, 'The banking conundrum. Non-performing assets and neo-liberal reform', *Economic and Political Weekly*, vol. 53, no. 13 (2018), pp. 129–137.

²⁰Michelutti et al., *Mafia Raj*.

²¹*Ibid.*, pp. 3–8.

²²Sohini Kar, *Financializing poverty: Labor and risk in Indian microfinance* (Stanford: Stanford University Press, 2018).

²³Isabelle Guérin et al., 'Covid-19 and the unequalizing infrastructures of financial inclusion in Tamil Nadu', *Development and Change*, vol. 52, no. 4 (2021), pp. 927–951.

Decolonizing economics

In conclusion, I would like to make two points. First, if the thickness, complexity, and malleability of markets must be explored—and *Rethinking Markets* does it brilliantly—this should not make us lose sight of their hierarchical dimension: the social and moral fabric of markets is also, very often, an extremely efficient mechanism for extracting surplus and maintaining or reinforcing inequalities.²⁴ A key issue in understanding contemporary markets is to study how different forms of morality intertwine (and the precepts of neoclassic economics are one morality among others) and how these moralities reinforce or reconfigure inequalities. Secondly, the dialogue with other regions of the world, only sketched out in the introduction, really deserves to be continued. Markets take shape in specific historical contexts, and understanding them presupposes both historicization and contextualization. But the mechanisms and processes described in the book are surely valid elsewhere, including in the most capitalist and ‘modernized’ societies. Of course, in many parts of the Global North, the ‘embedded exchange’ takes different forms due to the existence of more robust jurisdictions and social protection systems. As a result, the articulation between the principles of redistribution, solidarity, and the market—another major lesson of Polanyi that remains valid in the contemporary global world—takes specific forms.²⁵ But the disembedded market does not exist any more than in *Rethinking Markets*. However, the fiction of the disembedded market does exist and neoclassic economists and policymakers constantly claim it to justify neoliberal and austerity policies.

The fiction also persists because of the impregnation of our categories of thought by neoclassical economics and its performative effects. Neoclassical economics has infused the ways of seeing and thinking of so-called ‘Western’ societies where this knowledge has emerged. Moreover, neoclassical economics has performative effects, in the sense that it transforms the reality it is supposed to study.²⁶ This tends to invisibilize the social, moral, and political dimensions of markets, and this is why the detour through non-Western markets is so useful since it helps to deconstruct prevalent categories of thought and, more globally, to decolonize economic thought.²⁷ It is this that makes this book such an important contribution: beyond an essential input to the understanding of Indian markets, it is also a valuable step towards the decolonization of economics as a field of knowledge.

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²⁴Harriss-White, *India working*.

²⁵Polanyi, *The great transformation*.

²⁶Donald A. MacKenzie, Fabian Muniesa and Lucia Siu, *Do economists make markets? On the performativity of economics* (Princeton: Princeton University Press, 2007).

²⁷Ingrid Harvold Kvangraven and Surbhi Kesar, ‘Standing in the way of rigor? Economics’ meeting with the decolonizing agenda’, No. 2110, Working Papers from the New School for Social Research, Department of Economics, 2021.

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