Letter to the Editor: On Economic Sociology and the Critique of Society

By Werner BONEFELD †

Dear Editor,

The term economic sociology was first used by William Jevons in 1879. Jevons was a founder of the marginalist tradition in economic thought, which is also known as neo-classical economics. He argued that mathematics holds the key to the understanding of economics and conceived of economic value as a manifestation of the relationship between economic benefit and economic cost. He perceived this relationship as one between pleasure and pain, which crudely put involved the pain of spending money in relation to the pleasure of purchasing a commodity. He thus defined value in subjective terms as utility: the utility of a commodity accords value, which manifests itself in the form of price movements. The marginalists tasked economic science with the development of a robust theory of prices, which led to the understanding of economics as a science of purely economic matter.

As a science of purely economic matter, economics excludes what is conventionally referred to as the analyses of both the social embeddedness of economic decision-making and the social consequences and effects of economic developments. The term economic sociology points thus towards the attempt at assessing and judging, as well as analysing, the social embeddedness and the sociological consequences of economic development. Economic sociology is the study of the impact of society on economic development and, conversely, of the impact of the economy on social development. It operates at the intersection of the disciplinary divide between economics and sociology. Economic Sociology does not question the division between society and economics. In fact, it views society and economy as distinct spheres of social organisation. What it seeks to establish is the effect that each of these spheres have on the other. The paradigmatic work here is Max Weber’s Protestant Ethics. Nevertheless, in the relationship between economy and society, the economic is clearly decisive. It is the force that shapes the social relations. As a study of the relationship of economic force and social effect, the focus of economic sociology narrows thus to an analysis of the social

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effects of economic development, ranging from a tendency towards rationalisation, social stratification and also urbanisation, family structures, gender relations, etc. In a nutshell, economic sociology analyses the social situation as an effect of economic causes and thus attempts to demonstrate how the economy shapes social structures and defines the rationality of social actions. Max Weber’s *Economy and Society* is perhaps the most fundamental analyses of the connection of economic rationality and social structuration. More recent work, see for example Mark Granovetter’s *Economic Action and Social Structure*, suggests that the social structure of society is fundamental for the understanding of economic action. Individuals make economic decision from within the existing social relations. For Weber, the relationship of economy to society is the central sociological problem. His sociology does not conceptualise the economic categories as historically specific social forms. He rather views economy and society as distinct spheres of interaction and thus attributes an economic rationality of structure and action to the economic relations, and a social rationality of structure and action to the social relations.

According to the established view, sociology deals with the relationships between people. It analyses interpersonal relationships without asking too many questions about the manner in which society organises its subsistence, let alone inquiring into the specifically capitalist form of social wealth and its production. It observers the social relations, analyses the social facts and attributes meanings to them, and then classifies what it has found into idea-typical models of social interaction. It does this without once asking itself why capitalist social reproduction takes the form of a movement of seemingly independent economic quantities and why therefore the social existence of the individuals that comprise society is governed by some seemingly innate economic logic that is insatiable in its pursuit of profit for the sake of more profit, for money that begets more money. Sociology considers the comprehension of the monetary form of social wealth, its production and distribution, laws of development and rationality of action, as economic matters. However, like sociology, economics, as the dedicated science of economic matter, does not pay attention to the social constitution of the economic forms either. Indeed, it recognises economic quantities, represents their movements with mathematical accuracy, rationalises the economic aspects of society with the help of algebraic formulae and statistical precision, predicts on the basis of available data what markets will to next, describes the manner in which the human agents adjust to market demands for the sake of achieving greater economic efficacy, and explores the means of state as the public authority of economic regulation to achieve optimum factor efficiency – for the sake of economic progress measured by the rate of profit as the foundation of economic growth. And yet, economics cannot tell us what the economic quantities are. What is quantified and what appears in the form of economic quantities?

Economics is the science of economic things viewed in relationship to themselves; for the science of economic things the unemployed represent an economic zero lacking both in productive contribution and effective demand. That is, economic thought does not recognise Man as an end in itself; it deals with economic matter. It thus rejects the thought about Man as a metaphysical distraction to its science. For economics the essence of economics is economic matter, which it presumes to be valid in-itself. It argues that the movements of economic quantities express value preferences, which reveal a rationality of economic action that expresses itself by price movements, which manifest a dynamic of competition that is supposed to be the means of economic progress, as if it were moved by an ‘invisible hand’. For the sake of economic insight, it assigns
the power of economic regulation to some omnipotent invisible hand that tells the social individuals what to buy, where to invest, and how to achieve optimum factor efficiency of its human capital. It thus identifies Man as Economic Man, that is, a mere agent of economic rationality who personifies ‘the theological quirks’ (Marx) of the economic things in her consciousness and will.

The division between economics and sociology excludes from scrutiny the central interests of both disciplines. Neither focuses on the manner in which society organises the satisfaction of its needs and neither concerns itself with the constitution of the specific social form of capitalist wealth and its production. Instead in the hands of the economists economic laws are metamorphosed into a pretended law of nature, which manifests itself by means of an invisible hand in the form of price movements, and for the sociologists society is nothing but the average of individual reactive moves that manifest a social dynamic of diverse relationships, which it rationales in the form of ideal-typical attributions as, say, gender specific or class relevant without asking itself how society organises its metabolism with nature and therewith its very existence. Neither inquires about the social constitution of the economic forms of the existing social relations. Economic sociology is founded on the dismal character of sociology as a science without society and of economics as a science without a social subject. It analyses the social meaning and effect of a movement of economic quantities and conceives of society as the fundamental presupposition of a system economic action; yet, it too does not tell us why the capitalist economic system manifests itself behind the back of the acting individuals.

The sociological complaint that the study of economic matter excludes key social phenomena that need to be taken into account to ascertain the economic meaning of society, does not redefine economics as a social science. Instead, it treats sociology as a derivative of economic matter. By analysing the social effects of economic causes and by inquiring about the contribution of these effects on economic development, economic sociology sides with the mischief a world that attributes to economic things a natural force. In place of a critique of society, it identifies economic development as an expression of economic nature and on the basis of this identification accepts that the life of the individuals hangs by the logic of economic success, which on the pain of ruin judges the actions of the actual individuals by means of competing price signals. It is indeed the case that in capitalist society the social relations assume the form of a relationship between uncontrollable, seemingly self-moving economic things. For the individuals, economic development entails both chance and necessity, which are experienced as ‘fate’. Fate is a category of a ghostlike society, which the analysis of economic cause and social effect rationalises without comprehension. That is, economics rationalises by means of statistical presentation yesterday’s economic data as a manifestation of a plurality of economic-value preferences, which economic sociology assesses in terms of its effect on, say, the market situation of the unemployed, including the sociologically relevant manifestations of unemployment in terms of class, gender, and ethnicity.

As the dedicated science of the social consequences and the social embeddedness of the economic forces, economic sociology is also a discipline in search for its subject matter. Just like sociology presumes some decipherable social rationality of structure and action, economic theory presumes some economic rationality of structure and action – yet what really does this mean? Economic sociology does not overcome the distinction between a rationality that is social in character and a rationality that is economic in character. Its attempt to combine these rationalities by assessing the effect of the one on the other leads to the perennial question.
whether society is governed by the rationality of the economic forces or whether economy is governed by the rationality of the social forces. The notion that society is governed by some economic logic is as shallow in its conception of society as the notion that the economy is an effect of a balance between a plurality of contesting social forces. Society does not exist in the abstract as the social average of a balance of social forces and the circumstance that Man has to eat does not explain the capitalist form of wealth, its production and its so-called economic laws. Economic laws are confronted by the paradox that their validity is fundamentally social. Validity is a social category that belongs to definite social relations. Only for society can something be valid and have validity. Economic laws are therefore not valid in-themselves. Their validity is socially constituted and that is, economic categories are fundamentally social categories. The essence of economics is society and society is no other than Man in her social relations. Economic sociology makes sense only as critique of society.

For economic thought this concern with society is a scandal. It deprives economics of its subject matter, that is, economic matter. However, in itself economics has no discernible reality; its reality is fundamentally social. What therefore renders economics essential as a science of economic quantities that move with fateful sociological effects, is the social relations of production. The circumstance that Man in her social relations appears as an agent of economic laws is neither a matter of economic theory nor social theory. It is a matter of a materialist critique of society, and that is, a critique of the dogmatic appearance of society as comprising a split reality of economic structure and social structure, of economic forces and social action. Critically conceived, historical materialism amounts to a critique of the constituted social relations that manifest themselves in the form of seemingly self-moving economic forms. In capitalism, Marx argues, the individuals are governed by the products of their own hands. The social individuals vanish in their own social world only to reappear with a price tag by which they are governed like any other economic resource; yet, this manifestation of society in the form of the economic object is their own work. Rather than assessing the consequences of economic activity on society, and conversely the consequences of social activity on the economy, historical materialism at its best goes forward as a critique of definite social relations that manifest themselves in the form of an economic movement that asserts itself like an over-riding law of nature over the society from which it springs. For the critique of political economy, it is pure ideology to claim that the movement of economic quantities embodies some innate economic rationality that produces socially relevant effects in the form of competing price signals that regulate the conditions of trade on labour markets.

It is of course much easier to discover by analysis the social meaning of economic development than to do the opposite, that is, to ‘develop from the actual, given relations of life the forms in which they have become apotheosized. The latter method is the only materialist, and therefore the only scientific one’ (Marx, 1990, p. 494, fn. 4). For the critique of political economy the transformation of ‘every product into a social hieroglyphic’ requires explanation from within the actual social relations. We need, says Marx, ‘to get behind the secret of [men’s] own social product’ to comprehend that economic forces arises ‘from the peculiar social character of the labour that produces them’ (Marx, 1990: 167, 165). The world as it exists is not true. It is false. It is false because the satisfaction of human needs is merely a sideshow. What counts is the profitable accumulation of some abstract form of wealth, of money that yields more money. What cannot be turned into profit is burned. Failure to make a profit entails great danger. To the vanishing point of death, the life of the class tied to work hangs by the success of turning her
human effort into profit as the fundamental condition of achieving wage-based employment. The alternatives are bleak. Yesterday’s profitable appropriation of some other person’s labour buys another Man today, the buyer for the sake of making another profit, the seller in order to make a living. What can the seller of redundant labour power trade in its stead – body and body substances: how many for pornography, how many for prostitution, how many for kidney sales? Misery revolts.

References