PRESIDENTIAL ADDRESS

SASE 2008

Second Thoughts: On Economics, Sociology, Neoliberalism, Polanyi’s Double Movement and Intellectual Vacuums

Michel J. Piore

David W. Skinner Professor of Political Economy
Massachusetts Institute of Technology

and

2008 President of the Society for the Advancement of Socio-Economics

San Juan, Costa Rica

July 22, 2008
Economic Flexibility and Social Stability in the Age of Globalization.

The conference will explore this theme in social science theory and in political and business practice.

The theme is suggested by Karl Polanyi’s *The Great Transformation*. Polanyi interprets the history of industrial society in the 19th and 20th centuries in terms of a pendulum-like “double movement”. One side of that movement is toward free and flexible markets that underpin, and in some sense foster, the material and technological gains associated with the Industrial Revolution. The other side is a reaction to the disruption that these markets impose on people’s lives, an attempt to preserve the social relations through which people understand themselves and find meaning in their lives.

The current era of globalization mirrors that of the late 19th and early 20th centuries in many ways. Markets are being established, liberalized, and deregulated throughout the world. Goods, finance, and people are moving within and across frontiers at an ever-accelerating pace. And people are bewildered, looking for alternatives to their increasingly chaotic and insecure lives.

Furthermore, the reaction emerging today recalls the politics and policies of the Great Depression and the immediate postwar period, when the second half of Polanyi’s double movement came into effect. But with one critical difference: While the theories that have guided deregulation and globalization in the closing decades of the 20th century are the direct descendants of the laissez faire ideas that guided globalization a century ago, the philosophies that informed the second half of the double movement—that is, the social legislation that grew out of the Great Depression—have in many ways been discredited. Today’s reaction is therefore more instinctive and visceral than deliberate and considered, and the question is whether it will indeed be possible to reconcile these two movements in theory or through practical politics.
I want to discuss this afternoon the relationship between sociology and economics and the role that relationship plays – or could play – at the current political juncture as we move away from the dominance of neoliberalism and the Washington Consensus in the formulation of public policy. To do so, however, I have to abjure two positions which I had taken in this organization in the past. I was first invited to SASE by Axel van den Berg in 1999 as the lone economist on a panel about the relationship between economics and sociology. I argued there that the debate the panel set up between economics and sociology was misplaced; that sociologists should stick to their last, forget their preoccupation with economics, and do their own thing. If they did it well, they would inevitably provide the alternatives to economics that they thought necessary.

I am, however, about to enter here into the very debate which I counseled so strongly against then.

But I am also going to take issue with the theme of the meeting, the tension between economic flexibility and social stability, or more particularly with the development of the theme in the more extensive Call to the Meetings for which I am largely responsible. The Call to the Meetings argues that the tension between flexibility and stability is being played out today in an intellectual vacuum, in sharp contrast to similar periods in the past in which there were a series of well articulated and intellectually coherent alternatives to the neoliberal vision of a market economy. Several of these alternative visions are being reviewed in panels at these meetings. The point that no comparable alternatives have emerged today was challenged from the very moment I began to circulate the meeting document and what then emerged in discussions with colleagues and commentators in Latin America, but also in Europe and the United States, was actually a fairly coherent and consistent alternative vision. I became aware of this vision too late to begin to think through what it meant for the implicit argument and certainly too late to revise the meeting statement. In a sense, that is what I am going to do here.

That vision has three components. The first is a rejection of the notion, coming out of the Washington Consensus, that “one size fits all,” that one can devise economic policies
from an abstract market model without knowing the particularities of the context in which those policies are going to be pursued (Rodrik, 2006). The second is the contention that the construction of specific policies has to draw upon, and fit into, the particular history and cultural legacies of the place in which it was going to apply, e.g., in Venezuela, Bolivarism, in Ecuador and Bolivia, the cultures of indigenous peoples, in Argentina, Peronism. The third component of this alternative consensus was that the solutions which had this character would emerge out of the base, from local communities in their struggles to survive and assert their cultural identity, worker struggles to preserve employment in the shops threatened by economic crisis, and peasant struggles to preserve their villages and local traditions as globalization increasingly impinged upon their daily lives (Kennedy and Tilly, 2006). The new counter-consensus thus seems as much at odds with all universalisms, as much at odds with Marxian socialism, as with the standard market economics which underlie neoliberalism.

These views in one form or another were so widely expressed that it is very hard to deny that an alternative to the Washington Consensus has in fact emerged. But at the same time, as an alternative, I found them very abstract and vague, especially next to the concrete policies of the old “consensus,” very far from a program or even from a prescription of how one might move toward such a program. And I must say I also found them so vague as to threaten the values of democracy, freedom and respect for human dignity which underlie my own personal aversion to the Washington Consensus, but which history suggests can be equally challenged by the reactions that set in against market ideologies.

It seems to me that it is precisely the role of social science in the current juncture to give substance and specificity to a program of this kind. And it is about the limits of its ability to do so, and how we might overcome those limits, that I want to focus on here. I come to this problem as an economist, but one who has always been highly conscious of the way in which the economy, for better or worse, is embedded in the society, and interested in the way in which that embeddedness is to be understood. My own views in this regard have evolved over the years with my own research. I am going to use that research to
adumbrate my argument in the belief that its evolution, from project to project, reflects not so much the idiosyncrasies of my own intellectual trajectory as the changes in the world itself, which I have tried in picking my research topics to capture.

To anticipate the conclusion to which I will come: I believe that the major obstacle to progress in understanding the relationship between the economy and society lays not so much in the way we conceive the economy as in the way we conceive of society, a conception of society as essentially a static and conservative force. In the end, this leads us to model society as a constraint upon economic activity. What is required instead, it seems to me, is a conceptual framework in which the social sphere taken on its own terms is inherently dynamic, evolving in a way that is potentially independent of the economy. We need a view which, in other words, gives sovereignty to the social sphere so that when it confronts the economy in our models it does so as a much more equal and active force. I propose as a referent for such a view the metaphor of language and the way in which language evolves through time.

That the society is regularly modeled as a constraint is, I think, a point which does not need to be argued at length. Standard economics, of course, does not model the society at all, so that it invariably appears as a constraint upon the processes which are modeled. But Karl Polanyi, for whom standard economics was the foil, conceives of this relationship in that way as well. The role of the market is the subject of an ideology and created through deliberate acts of public policy; society is natural and efforts to preserve it instinctive. For Marx, the economy is technology not the market; but technology is the dynamic force and society the restraining one. Likewise, Schumpeter saw society as conservative, resisting innovation and technological change.

There was an element of truth in this depiction of the relationship between society and the economy in capitalist development. Modern industrial economies emerged out of, and in the process essentially undermined and destroyed, the prevailing feudal world. And, however dynamic that world might have been taken on its own terms, it was
reasonable that to understand the emerging world, one should treat the old world as a constraint.

My own early research was focused on the production process in manufacturing shops in mass production industries with a highly articulated division of labor, and it also seemed to be true there that society acted as a restraint on economic activity (Doeringer and Piore, 1971). Work in these places was clearly embedded in a shop community, and constrained by a “web of rules” enforced by social pressure on the community members and on management by collective action. But the rules were in turn highly dependent on custom which reflected past practice and precedent. The *droit acquis* which are so prominent in French industrial relations are of this character as well. Crozier captured the role of custom in manufacturing shops in *The Bureaucratic Phenomenon* (Crozier, 1964). The best description of how these operated was Marc Bloch’s characterization of customary law in feudal society: Any practice which was repeated several times, even if originally frankly illegal, tended to become law (Bloch, 1961). This dependence upon repeated practice gave customary law a flexibility to adjust to changes in economic practice when such changes were large enough to justify the cost of breaking the old custom and establishing a new one. If such custom had an important economic impact, it was because the economy was organized so as to create stable enclaves within it. By interpreting society as custom, it became a constraint upon the economy; and moreover a constraint which, since it took its content from economic practices of the past, was both devoid of specific content of its own and without a dynamic that was independent of the economy.

But if this were true of the stable manufacturing core, it was not true of the economy in general, as I quickly realized when my research shifted to low-wage migration (Piore, 1979). Indeed, migration often turned out to be the product of the efforts of employers to recruit an alternative labor force which escaped the constraints of custom. The migrants were attractive precisely because through the process of migration they escaped the social constraints of the communities in which their identities were constructed and their lives had meaning and turned them into pure economic agents seeking money, which would be
sent back to secure their place at home. They thought of their stay abroad as temporary; they were not interested in the job stability and career advancement which motivated national workers, and their rapid turnover forestalled the development of custom. What made this process problematic from the employer’s point of view – and interesting and dynamic from a social one – was the way in which the migrants began to form communities at the destination. As they did so, they became interested in precisely the job stability and long-term career advancement which concerned the national workers they had replaced. These became social norms which constrained the kinds of jobs the migrants were willing to accept just as they also constrained national workers. But while society here was dynamic, its evolution followed a very narrow and predictable path. It could still be understood as a constraint upon economic processes. The social theory was still rudimentary.

The evolution of the American economy over the last twenty years has been characterized as a triumph over precisely these kinds of social rigidities, as if the whole labor force has been turned into the “economic” men of the early stages of the low-wage migration stream that employers were recruiting in the 1970’s. It was in many ways the ability of the U.S. to escape these old constraints that fostered the neoliberal prescriptions for other countries.

But when one looks more closely at American society in this period, one is struck by two aspects of the social order which do not enter into the neoliberal version of the transformation which occurred during that period. One of these is the shift in the axis of political mobilization from identities based on economic roles, (class, occupation, enterprise) which were conducive to union organization, to axes based on social identities rooted in race, sex, ethnicity, age, physical handicap and sexual orientation. Second, at the moment when trade union regulations were declining, a new set of regulations were imposed designed to protect workers in these emergent identity groups: aggressive anti-discrimination laws, but also regulations to protect women, such as legally mandated family leave or to redesign the physical landscape to ensure access for the disabled. Third, while the income distribution in terms of conventional economic identities
widened during this period, the distribution of social benefits in terms of these emergent identities became demonstrably more equal. In sum, the structures which determine how the society acts upon the economy and evaluate its performance have fundamentally changed. They have changed not as a result of something which happened within the economy but rather as a result as something which happened outside of it, autonomous of the economy, and then turned around and attempted to change the economy itself (Piore and Safford, 2006).

To remark on these developments raises a host of questions about the causal relationships among them and about how one thinks about and evaluates social welfare. But one need not argue that the gains to people mobilized through these emergent identities balance the losses evaluated in the terms of the older, economic identities to wonder about the mechanisms which produced these enormous changes in the way in which society understands itself and acts upon that understanding. It is immediately clear that neither a view of society as basically conservative and static, nor a view of society as ultimately accommodating and reflecting the economic forces which operate upon it, is going to generate these mechanisms. Nor does it seem farfetched to believe that these processes, whatever exactly they might be, would be the same processes though which, for example, movements of indigenous people in Ecuador or Bolivia might come to provide an alternative socio-economic vision in those countries.

My own conception of what those mechanisms are emerges from a very different project, but one also motivated by the transformation of the American economy in the last few decades: A study of product design and development which Richard Lester and I conducted at the Industrial Performance Center at MIT (Lester and Piore, 2004). Product development has become increasingly central to the success both of national economies and of individual companies, if only because with the decline of mass production and the economies of scale associated with a single standardized good, the market for specialized products has increased. We looked specifically at development in three industries – cellular telephones, blue jeans, and medical devices – and conducted interviews in a variety of other firms.
The dominant view of product development among managers and engineers is that
product development is essentially analytical problem-solving, figuring out the most
effective way to meet a well-defined need. But what we found in our studies was that the
ideas for new products typically were at best vague and often inchoate. The products
emerged only through the collaboration of people from different industrial and technical
backgrounds and were aimed at ill-defined, or even initially non-existent, markets, and
consumers whose needs were poorly understood. David Stark characterized product
development in this phase as a search in which you do not know what you are searching
for but which you recognize when you see it (Stark, forthcoming). His description
parallels that of Michael Polanyi’s characterization of the way research problems are
initially identified in science, growing out of tacit knowledge and grounded in a
conviction which cannot be articulated (Polanyi, 1966). We called this phase
“interpretation” and the optimization which followed once the product has been more or
less defined “analysis”.

Before new products can begin to emerge in this way, before either interpretation or
analysis, something else happened: The heterogeneous group of developers had to get to
know each other and somehow to learn to enter into each other’s world and into the world
where the product would eventually be used. Thus, cellular phones combined radio and
telephone engineering, and the original inspiration were the car radios used by taxis and
the police. But telephone and radio were completely different business cultures and
engineering traditions. The telephone was perfectly engineered and made by large,
expert companies whose customers were of equal size and expertise. The engineers who
made them were preoccupied by quality and detail; they demanded a complete
understanding of the technology with which they were working. The radio engineers
were cowboys, their tradition completely empirical (the signal fades in and out); the
companies which produced the radios were large and expert, but they sold to police and
taxi companies whose attention and expertise lay in completely different domains.
Similarly, the medical devices we studied typically involved a technology coming out of
pure science that was far removed from any immediate use. The device which ultimately
incorporated the technology had to fit into the practice of doctors who approached medicine clinically in a manner totally at odds with the science from which the device derived. And fashion blue jeans emerged in the most mass production segment of the garment industry, which focused for 100 years on a single standardized product. The fashion element was introduced in laundries totally foreign to the people who manufactured the jeans or the cloth out of which they were made.

In each of the case studies, two different communities of practice, each with its own language, norms, rules, and identities, had to find common ground on which to communicate and from that communication, new communities emerged. How then does one understand these social dynamics – the dynamics out of which the new identity groups emerged or the dynamic of new product development – and what is the relationship between these dynamics and the much more restricted role of the social sphere in the cases I studied earlier in my career? Was my research perspective just too limited, too provincial? Or did the economy itself actually change?

In large measure, I now think of the socially static contexts I observed early in my career, especially the manufacturing shop, as the product of mass production (Piore and Sabel, 1984). That approach to production (which we now call Fordism, but which was already present in the logic of Adam Smith’s pin factory) places enormous emphasis on the production of the longest possible runs of a single standardized product. It does so because cost falls progressively as the length of the run (which Smith calls the size of the market) increases. And as the cost falls, the differential between the products of mass production and the more customized products which appear to our own individual tastes increases. It is not that we all want to drive a black Model-T; indeed, maybe nobody wants to drive one. But at some point, the price relative to anything else one could drive is so low that we all end up buying it. Under these circumstances, individual taste – the kind of thing which might be subject to a social dynamic – matters very little, and disruption caused by worker resistance to change (because it breaks up the long runs which are reducing costs) matters a lot.
But for various reasons too complicated to go into here, but also so well known that it is probably not necessary to do so, mass production as the dominant technological paradigm broke down. We seem to have entered a world in which the market is the arbitrator of outcomes. And yet social processes appear to be playing a determinant role in the outcomes the market apparently produces. Innovations emerge not out of the heads of engineers but out of a social process of recombination, and labor laws and institutions are driven by groups which have emerged out of social processes that are autonomous of the economy. So how do we understand these newly influential social processes? Here I draw particularly on our studies of product development. It became apparent in our studies that the product ideas grow out of and are dependent upon a community of practice; these communities do not initially exist, rather they grow up around and often are deliberately created in the process of product development itself; they do not constrain innovation, they actually drive it. Innovation depends on how these communities arise and evolve over time.

In an attempt to understand what we were observing, we were led to two related metaphors: 1) language development; and, 2) cocktail party conversation. I use the word “metaphor” here basically because I do not feel comfortable with the other terms that might describe how we are using these concepts. But in the case of language development at least there is a substantial theory and I have come to feel, although I could not prove, that what we think of as the social realm really is like language and that language theory is relevant to understanding how it operates in much more than a metaphorical sense.

Language is appealing as a metaphor for capturing the social dimension of economic activity for at least three reasons: First, because it is preeminently social – language is not an individual trait; it exists in a community. Second, because it is preeminently human – no other species is able to communicate in this way. Whatever the relevance of rational choice and the individualistic conception of the human condition, it is a dimension of humanity which cannot be denied. But third, language has the property of being both highly structured and supremely flexible and adaptable. It is defined by a set of rules and
a vocabulary. But within those rules, each member of the community speaks in his or her own voice, in his or her own unique way. And finally, language communities arise and evolve over time. This last characteristic seems especially to capture the nature of product development we studied. They all seemed to involve in the beginning the creation of a new language community, and the products, as they evolve from one generation to the next, seem to grow out of, to be like, the evolution of language.

When it came to operationalizing this insight for the managers whose interviews gave rise to it, we were led to a second metaphor, one which is decidedly more “homespun” and less grounded in scholarship and theory: the cocktail conversation and the manager as the hostess of the cocktail party. The two metaphors are of course related. What happens when strangers first meet at a cocktail party and then are invited back again and again and are drawn into a conversation which becomes perpetual is that they develop a new language. But the character of that language and the way it evolves over time will depend upon exactly whom is initially invited, what they are led to talk about, and how the conversation is enriched by bringing in new members to the conversation group, defusing arguments which threaten to break apart the conversation, introducing new guests and new topics when the conversation stalls and the participants become bored and threaten to move on to other venues. A good hostess manages these developments so that the conversation proceeds, and a good product development manager sets up the conversation in just this way.

This view of a community of practice as a language community and their evolution as a cocktail party conversation applies not only to the new communities which grow up around product development but also to any productive community. Thus you can understand the failure of the traditional garment and furniture industries in Mexico under the impact of the opening to trade – another research project in which I was engaged (Piore, Dussel Peters and Ruiz Duran, 1997) and also another legacy of the neoliberal era which is coming to an end – in precisely these terms. These producers had an understanding of their crafts and industries that was rooted initially in the materials in which they worked – in wood or cloth – and which they must at one point have shared
with others in these crafts all over the world. But in the closed economic regime they become isolated from their fellow craftsmen in other countries and developed what was in effect a private language, separate and distinct from those in the same industry but who were linked to the global economy. When the Mexican economy was finally opened to trade, these traditional producers were unable to meet international standards of quality and reliability. Because they did not speak the language, they could not even begin to understand what was being asked of them, let alone why. Adjustment to trade would have required them to join the larger global community. Their shared craft tradition should have given them a leg up in doing so since that tradition was the starting point common to all of the industrial traditions which in effect merged to form the global industry. But to overcome their initial isolation would have taken time and, probably more important, direction (a hostess to invite them and introduce them to the international conversation). And the government which might have played this role instead withdrew into the background. Instead of evolving and merging into the global community of practice, traditional industries declined and the industrial categories to which they belonged were colonized by foreign investors and maquilas linked to foreign customers who sent their engineers, who already spoke the global language, to manage the factories and redesign the production process.

The same metaphors play out in attempting to make sense of the street-level bureaucrats in the Franco-Latin system of work inspection whom I have been studying with Andrew Schrank (Piore and Schrank, 2008). Unlike labor market regulation in the United States, which is dispersed over a dozen different agencies, each with a narrow focus and jurisdiction, inspectors in Latin America are responsible for the whole of the labor code. They are, moreover, expected to bring the enterprise into compliance with the code, not simply to levy a fine, and to do so they are empowered to work out a plan which brings the enterprise up to code gradually over time. Both of these aspects of the system give the inspectors considerable discretion in how to do their job. They form, in a sense, a community of practice, applying a complex set of criteria which have developed over time and is passed on from one generation of inspectors to another through training on
the job and in the discussions in which they engage with their colleagues around specific cases in the course of the work day.

What this suggests is that “rigidity” is not a matter of society holding the economy back, but rather society failing to evolve. This points away from a policy approach which seeks to craft incentives that push out social forces in order to ensure that behavior conforms more closely to rational economic models and toward one in which the evolution of society in which economic activity is embedded takes center stage. The labor inspection system has the flexibility to respond to variations in economic conditions and the social climate called for by neoliberal economists in the debate about labor market flexibility. But to do so, it would have to be managed toward this end. It is, to be sure, also open to arbitrary behavior, to corruption, and to the political biases of inspectors and needs to be managed to forestall these tendencies as well. It cannot be managed by imposing rules and norms without thereby limiting the very flexibility which is its advantage in tailoring the system to the peculiarities of particular enterprises and the vagaries of the environments in which they operate. But as a community of practice, it can be managed as a cocktail party by sensitive bureaucrats who see their job as guiding the kind of discussion which is critical to successful product development, and which I have just argued would have enabled the traditional industries in Mexico to survive and compete in the global marketplace.

One can draw several general lessons from product development, as extended to labor market regulation and to adjustment to trade. One lesson is that the distinction between society and the economy is at best an analytical one. In the product development case, it is not just that the development process is socially embedded; it is more fundamentally that new products grow out of social processes and must ultimately fit back into them. It is meaningful to talk of a separate and distinct economic moment which occurs in the analytical phase when a product idea has been specified and one is trying to optimize the design or when the consumer is selecting from a menu of alternative products. But as Richard Lester and I emphasized in our innovation book, if the product idea is not a good
one or none of the products on the menu fit easily into the consumers’ pattern of life, the economic value of the optimal decision will be negligible.

But there are several other important lessons to be underscored here. One is that these communities, in the productive setting in the economy or outside of them, are not static or determinant, but open in the way that language is open. Another is that the social spaces out of which they grow are not a given. They emerge. And they emerge through an identifiable process, a process that can be managed and directed, although probably not toward a predetermined outcome. Thus, they can also be deliberately fostered, if not actually “created,” by purposeful actions of social and economic actors. But they can also occur spontaneously, without purpose or design.

To the extent that we are talking about communities in general, not simply economic communities, these ideas should help explain the shifts in the axes of social mobilization and the focus of work regulation from economic identities to the social identities of race, sex, age, and the like. While we have not by any means fully traced it out, it seems that they are also the product of a similar process, of people in close proximity to each other, who began to engage in a conversation about a particular topic and gradually that conversation generated a language, came to focus around a series of subjects, subjects which gradually morphed into problems which called for solutions and then turned to identify what those solutions were. There were no hostesses managing parties through which this occurred. But with many of these groups, changes in living patterns brought the would be members together in a way that had not occurred before; social security moving the aged out of their families into living in close proximity with others, women coming into contact with each other when working in ways that they had not when they were staying at home. And the discussions among these people, even ethnic groups which had previously had plenty of contact, were seeded by the example of the black civil rights movement with topics and ideas which would not previously have entered into their discourse.
I do not have time left in the present context to work out in any detail how all this would apply to the emergent alternative to the Washington Consensus. Perhaps it is just as well. I am not sure that the theory we are trying to abstract from these metaphors is yet up to that task. But I think it is clear that whatever else has happened, the breakdown of the Washington Consensus, or more bluntly the reaction against it, has opened up a wide-ranging political debate in many countries, and indeed in the international arena as well. It seems odd to apply the term “cocktail party conversation” to a discussion of this intensity. But that is indeed what it really is. A good hostess would be thrilled to have her guests so intensely engaged, but also rightly nervous about the outcome of that engagement and hence frantically rushing around trying to calm the discussion and dampen the ardor just enough to prevent the whole group from breaking off the discussion in anger and abandoning the party for a more comfortable nightcap with their own friends.

When the debate is recast in these terms, the emergent consensus is very different from the Washington alternative which it is replacing. Washington is concerned with substance. But here the focus is on process. Thus the emphasis on grassroots developments points toward the level at which the conversations must occur and the kinds of people who should be drawn into them. The emphasis on each country’s historical tradition and its implications, both in symbolic terms and in terms of the particular national institutions which it has bequeathed, might be the subjects around which the conversation takes place. The need to tailor policies to the peculiarities of each country – and abjure the one size fits all approach – would be interpreted not in the technical sense of recognizing the specificity of the constraints which policy faces (although it would not preclude such recognition) but in the very different sense that because the communities which will eventually emerge and out of which the policies will grow, are unique, the policies will also be unique in much the same way that Motorola and Nokia have generated different families of cellular phones.

This is a call for a social dialogue, but a social dialogue of a particular kind, one which is not focused initially on selecting outcomes. It is not a negotiation but is really more of an
open-ended discussion. It casts the political leader in the role of a cocktail party hostess (admittedly not necessarily an easy role for those who have campaigned against the substance of the Washington Consensus and not necessarily the process through which it was arrived at—but a role which at least some Latin American leaders have in fact played). But we have a good deal more at stake here than the hostess for whom (to mix my two metaphors) any language which emerges from the engagement would make the party a success. We cannot afford to completely ignore the substance of the language which is going to emerge out of it.

And here the metaphors of conversation and language development do point to considerations which are not present in the emergent consensus. One is that we need to worry about who participates in the conversation, who, in the cocktail metaphor, is invited. Second, we need to be concerned about the subjects of the conversation, what the guests are talking about. A great danger at the current juncture when the conversations arise in the context of a reaction to the kind of globalization which has been fostered by the Washington Consensus is that the discussion will be narrowed to national players, excluding international organizations and global enterprises and that it will focus exclusively on elements which define the national community and distinguish it, to the exclusion of elements which are universal and which the national community shares more broadly with other people in the region or the world.

Since the conversations establish a language which is used to address not only the immediate issues at hand but economic and social issues more broadly, a narrow conversation will imprison each country in its own borders in exactly the way that the traditional industries in Mexico were imprisoned by the heritage of the conversations which the period of import substitution fostered. This however is not a problem the national leaders alone can solve. The hostess after all can invite the guests; but she cannot make them come, or, once they get there, “mingle” with the other invitees. So it is an open question: Are the international agencies and global corporations prepared to come to the table to listen and discuss rather than to preach and to negotiate?
I would be concerned about the breadth of the conversations, not simply in terms of the international participation but in terms of the national participation as well. Are these new conversations really drawing in the whole of the national community or are they simply replacing the national beneficiaries of neoliberal policies with previously excluded groups most victimized by the market? Of course, here too, it is not just a question of who is invited but who comes and how they participate when they get there. But without the full range of national participants, the conversations may well produce an alternative to market ideology, but it will also be an alternative which exists in opposition to it. It will not necessarily be the conservative force which Polanyi envisaged but it is certainly a setup for the oscillation between two irreconcilable prescriptions for policy that he foresaw.

There are also lessons here for academic social science. And for the social sciences, it calls for a focus upon how new communities arise and evolve over time, how the development of these communities can be fostered, how their evolution can be guided, and how these processes and the policies which emerge from them are evaluated. At the moment, this is a research program which belongs to sociology and not to economics. The question here is really the same question faced in the construction of an alternative political program: Can the research agenda which is called for here be best developed in a conversation with economics or will it be better fostered in a conversation of its own? And I am not so sure that the answer here is the broader conversation I have just counseled in politics. Perhaps after all, I was right the first time I came to SASE. However important these issues are in the way the economy evolves, they may best be explored without inviting the economists to the party.

References


