
Review Symposium

On Christoph Deutschmann's Disembedded Markets—Economic Theology and Global Capitalism, Abingdon and New York: Routledge, 2019

Abstract

In this review symposium Jens Beckert, Greta Krippner and Elena Esposito discuss Christoph Deutschmann's book *Disembedded Markets—Economic Theology and Global Capitalism*, Routledge 2019.

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The opacity of capitalist markets

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In 2008, on the occasion of the opening of a new building at the London School of Economics, Her Majesty the Queen asked why nobody had foreseen the credit crisis that is now known as the 'great recession'. The answer, given by the British Academy in 2009 in a letter to the Queen, famously stated that 'the failure to foresee the timing and severity of the crisis and to head it off, while it had many causes, was principally a failure of the collective imagination and many bright people, both in the country and internationally, to understand the risks to the system as a whole' (Letter 2009).

Christoph Deutschmann's book—though it does not mention the Queen—can be read as a sociological attempt to answer the question posed by Her Majesty. To put his answer succinctly: There was no possibility to foresee the crisis. Nor is there a possibility to foreknow

the next big crisis. Nor is there a possibility to foresee the next big innovation that will become an important growth driver of capitalism in the future. Deutschmann clearly sides with Friedrich Hayek (and the Austrian school more generally) in the epistemological conviction that no theory of the economy can actually foresee future events. Deutschmann approvingly cites Hayek's statement from 1945 that the problem of economic analysis 'does not lie in mathematics, but in the fact that the knowledge required to implement general equilibrium theory is "not given to anyone in its totality"' (Deutschmann, 2019, p. 4).

For Christoph Deutschmann, to understand capitalism means to put this insight front and center of the analysis. To understand the opaqueness and impenetrability of capitalist dynamics by means of social theory is the central task the author sets for himself. To come closer to an answer, Deutschmann investigates parallels between the capitalist economy and religious cosmologies. The point the book develops is not that capitalism is a new religion, but rather that there are family resemblances between capitalism as a system of disembedded markets and religious cosmologies.

1

The starting point of 'Disembedded Markets' is Polyanian. Deutschmann follows Polanyi's narrative of a historical development of the disembedding of economic relations from local and institutional ties in the 'Great Transformation'. For Deutschmann, like for Polanyi, this is a process that accelerated in the 19th century and that crucially involves the development of labor markets and an international monetary system.

More systematically than Polanyi, Deutschmann discusses the disembedding of markets along four dimensions (this is with reference to Niklas Luhmann). First, the *territorial dimension*. Capitalism is a system that expands in space until it has reached even the most remote corners of the world. This process was initially largely driven by colonialism and is today discussed mostly under the notion of globalization. Rosa Luxemburg's concept of 'land grabbing' expresses this dimension of capitalist expansion in a critical manner. Second, the *social dimension*. This concerns the intensification of market relationships. More and more social interactions are organized by market relations. This points to the development of contractual labor relations, substituting for slavery and serfdom. But it also refers generally to 'the transformation of hitherto non-market-based social relationships into commercial contracts' (p. 43), be they household services, professional child care or the purchasing of citizenship. Third, the *material dimension* which refers to the type of objects that become commodified. Capitalist markets trade not only in raw materials and finished products, but also increasingly in services, land, labor, technologies and, last but not least, money. In capitalism, one could summarize this dimension of disembedding so: everything becomes a commodity. Finally, the *temporal dimension* which may be the most innovative feature of capitalism. Through capitalized money and technologies like forecasting, planning and capital budgeting, the capitalist mode of production allowed increasingly making the future a commodity by valorizing the future in the present. Credit relations and derivatives traded on financial markets are the most obvious expressions of this.

Especially in the fourth chapter, 'Disembedded Markets' provides a masterful exploration of the different dimensions of the disembedding process characterizing capitalist development. Deutschmann's discussion clearly shows that the development of a system of self-regulated markets is an all-encompassing process that makes capitalism a truly universal

system of social interaction. In this sense it becomes a rival to monotheistic religions with their universalist claims.

At the same time, Deutschmann makes clear that even these disembodied markets depend on forms of embeddedness (see especially pp. 51–57). For Deutschmann, this is not so much the result of a countermovement—as it is for Polanyi—but rather reflects the empirical observation of the actual operation of markets. Here Deutschmann can connect with much of the research in economic sociology since the 1980s. The idea of a complete disembodiedness of markets is to be seen more as an ideology advocated by (neoclassical) economic theory and of some critics of capitalism than an accurate empirical description of markets. Innovation processes, to give an example, do not occur *ex nihilo*, but are anchored in concrete forms of knowledge, as well as institutional and cultural structures. Money, to give a second example, always needs political intervention and thus some level of embeddedness (p. 53). The creativity of capitalism depends on markets that are disembodied, but their potential needs to be ‘filled’ with concrete forms. Deutschmann’s critique against Polanyi’s understanding of disembodied markets as ‘asocial’ systems (p. 28) can, of course, also be read as a critique of performativity theory in Science and Technology Studies, at least against the strong claim that the economy will eventually mimic economic theory. Instead of focusing on mimicry, Deutschmann is much more interested in the unintended consequences of economic theory and the economic practices it creates.

Indeed, understanding disembodied markets also as ‘social systems’—and not as something standing outside the realm of the social—is an important part of Deutschmann’s book for two reasons: First, to highlight the social integration taking place through markets. Second, because the uncertainty and the ‘existential threat’ stemming from markets can only be coped with in practice based on institutional, cultural or cognitive particularities. Embeddedness, however, does not have (primarily) the function of taming markets, but to provide the ‘material’ from which the unstructured promises entailed in a market society can be turned into concrete decisions.

2

So far Deutschmann’s book appears as a correction of Polanyi’s influential understanding of capitalist development, or, one may say with [Greta Krippner \(2001\)](#), as a correction of a specific interpretation of Polanyi. Be this as it may, the creative contribution of Deutschmann’s book lies not so much in this reinterpretation of Polanyi, but rather in what it makes of it. The theoretical core of the book is mostly developed in chapter seven ‘Disembedding and the dilemma of the self-representation of society’.

The starting point here is the theory of functional differentiation. Theories of functional differentiation suggest that societies develop functionally specific subsystems that are all equally important for the reproduction of the social order. Such an understanding of the modern social order differs from the understanding of traditional societies where religion is typically seen as the realm that normatively integrates the heterogeneous forces in a society. This still holds for Talcott Parsons’ systems theory which uses the concept of the cybernetic hierarchy of controls, bringing the pattern maintenance system to the hierarchical top of the different social subsystems. Such a hierarchical order of subsystems, however, cannot be found anywhere in Niklas Luhmann’s systems theory. Deutschmann, however, rejects Luhmann’s purely horizontal (or: heterarchical) understanding of social subsystems, but

sees—in contrast to Durkheim and Parsons—not religion and the value system as standing in the privileged position of integrating ‘world society’, but rather the economy. The mutual dependencies of the functionally differentiated subsystems, Deutschmann argues, are not the same for all of them. Instead, the economic system stands at the center because it provides money and all systems depend on money for their own operation (p. 76). The commodity form of money stands at the center of the integration of the modern world society (p. 77).

Religion and economics have family resemblances not only because they both have universalistic claims. Equally important is that they both react to the same epistemological problem, one that has most clearly been identified by Niklas Luhmann. Society ‘as a totality cannot be viewed by any observer, since observations are communicative operations which are possible only within society and which are dependent on the particular social and historical perspective of the observer. There is no “external” standpoint allowing a view of society from the outside, like the man on the moon may look down on Earth’ (p. 71).

Societies react to this impossibility by providing ‘imaginary constructions of the unity of the social system’ (Luhmann, 1988, in Deutschmann, 2019, p. 71). In traditional societies, such self-descriptions of collective identities are provided in religious terms. God or sacred objects become representations of the—to use Durkheim’s term—‘collective consciousness’. In modern societies, notions like the nation, class or ethnicity can serve as such self-descriptions. But they all remain particularistic and cannot constitute a universal unity. Universality is achieved only by the self-description of contemporary ‘world society’ as a system of disembedded markets and the liberal economic narrative. ‘Disembedded markets describe the most encompassing global level of sociality; . . . just by virtue of this description, they open the view on a room of unexplored and unexplorable uncertainties beyond the socially accessible’ (p. 76f).

Economic thinking itself stands in proximity to theology by opening a cognitive space to the transcendental, making capitalism ‘a secularized version of Christian eschatology’ (p. 119). The icon for the centrality of the economy is money, which is not just a profane medium of exchange but rather embodies ‘a utopia of perhaps the strongest possible kind: personal freedom *within* a global society’ (p. 44). As Deutschmann argues based on Simmel: through money all givens of life can be treated as variables. This utopian promise entailed in money is the attraction of a society integrated through disembedded markets—at least for those who have it in sufficient quantity.

Deutschmann illustrates the proximity of the capital form of money and religious icons with several examples: For religion and for money it holds that ‘the difference between the sign and the object of signification vanishes’ (p. 77): money is at one and the same time a symbol of wealth and wealth itself. A second parallel is the dependence of religious systems and of money on trust and belief. The value of ‘worthless’ fiat money depends on the belief in its future value. The trust actors place does not lie in a concrete other person, but in society; it is the trust that other actors are trusting too. A final parallel is the role of prophets who preach myths and visions to the ‘believers’. Be it Jesus or Steve Jobs, they both ‘spark hopes, rouse confidence and point the way to progress’ (p. 90), thereby mobilizing collective forces.

On the most general level, the parallel between religious cosmologies and disembedded markets lies in their universal claims that have made them rivals for most of history (p. 82). But Deutschmann also takes the socially and politically relevant differences between capitalism and religion into account. One of the differences between religious cosmologies and

capitalism is that capitalism is continuously changing its promises. Promises exhaust themselves in the process of their realization. Religious promises remain the same and they are independent from the operation of the real world (p. 90f). Capitalism, in contrast to a world organized by religious cosmologies, is in a state of permanent ‘restlessness’ (Sewell, 2008); it is a world that is continuously destroying its established forms.

A second difference is that the universal nature of markets is more ‘superficial’ (p. 82). The operation of markets disregards the destructive consequences of markets on local communities, traditional lifeforms, for the development of social inequalities and the destruction of nature. Religious cosmologies are all about this. The moral minimalism of markets gives rise to a conflictual relationship between what Wolfgang Streeck (2011) once termed ‘Durkheimian institutions’ and ‘Williamsonian institutions’. It provokes the social conflicts that have been described by Polanyi and Marx and can be seen today in populist movements. In sociological terms, the expansion of disembedded markets gives rise to anomic social situations in which parts of the population—those who do not possess sufficient financial, social and cultural capital to profit from the system of disembedded markets (p. 86)—opt for apathy or rebellion against the cosmopolitan market ideology and its institutions.

Understanding social conflicts from the ‘incomplete’ representation of society by disembedded markets and liberal market theory is not the only insight to be derived from Deutschmann’s book. It also opens a way to the understanding of capitalist dynamics—its growth and its crises. The epistemological problem that there is no external standpoint from which to observe the totality of society but only imaginary constructions of social unity implies that the actual operation of the economy (and of society) remains a black box. This brings us back to Hayek’s insight of defining the problem of economics not as one of mathematics but as one of knowledge.

Economic theories—but also more generally all ‘understandings’ of the economy that economic practitioners rely on in their decisions—are imaginary constructions, and as such, they are rationalizations which help making decisions, without ever grasping the actual complexities and uncertainties that are operational in social and economic interaction. The market is opaque like God. But economic theory provides an eschatology of an infinite horizon of possibilities that motivate entrepreneurs to make risky decisions without being secure about outcomes. Moreover, it is the function of economic theory to make markets appear rational by reconstructing the opaque reality of markets in a manner that ‘displays them as coherent, rational and legitimate’ (p. 78). Theories, forecasts and projections provide confidence, not foreknowledge. In my own work (Beckert, 2016), I talk about ‘fictional expectations’ to grasp this aspect of the capitalist economy, but I find it convincing to analyze the epistemology of economic decision making in analogy to religious cosmologies, with regard to their motivational properties and their capability to reduce complexity.

3

Why did nobody see it happen, asked Her Majesty the Queen with regard to the great recession. If Christoph Deutschmann would have been asked this question, his answer would have been as follows: nobody can possibly have the necessary knowledge to foresee the dynamics of the capitalist system of disembedded markets. All we can do is to create imaginaries of the functioning of the system and its future development. These imaginaries will often

be disappointed. But we do not know when, how and why. This failure is not the failure of individuals but a necessary component of capitalism. And, moreover, that this insight remains hidden is itself important for the operation of disembedded markets. This was involuntarily confirmed by the response of the British Academy to Her Majesty. The task of sociology, however, is to lift this veil. In this sense, there is a parallel between the critique of capitalism and the critique of religion.

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