We Have Never Been Rational: Contesting Economic Models from a Market Perspective

Deyanira Almazán[1]

1. Introduction

In September 2008, the collapse of the world's most famous insurance company, AIG, was followed by the bankruptcy of investment banks such as Goldman Sachs and Morgan Stanley, triggering a global financial crises and leaving millions of people unemployed, millions more under the poverty line and entire countries bankrupt, as was the case in Iceland. The impacts of the crisis were felt throughout the globe, resulting in crude and still palpable consequences.

For some, the crisis exposed the inconsistencies of the theory that Wall Street has followed for years without questioning. A lot has been said about the failures of the free market and the serious consequences of its operation. However, I am proposing a deeper analysis in this paper; an analysis regarding the rationality assumption upon which the theory of the market rests.

Economic models rely on one main assumption: the notion that every human being is 'rational'. Under this assumption, market theory has been constructed, reducing human beings to nothing more than utility maximizing individuals, driven by self-interest.

All social sciences have been debating about the market and its assumed rationality for decades. Amongst them, Anthropology and Economics are perhaps the two disciplines that differ the most.

For more orthodox economists, the model of the market does not fit properly within those 'pre-capitalist', 'pre-modern', 'peasant' societies which base their economic activity on self-subsistence and gift exchange; for them, the task is to 'transform' these people so that they can become better and more rational human beings. For economists that are more 'social', the model has a wide range in which every society around the world can fit. All humans, they say, are rational and make individual choices, maximizing personal utility according to their own goals and preferences. Anthropologists on the other hand, do not feel comfortable with either of these perspectives as they see a market that goes beyond individual maximization, where economic activities are not only based on the desire to win but on social relations, norms, family ties, etc. I hope this work illustrates how the reality is much more complex.

The market has become synonymous with development. Governments and International Institutions such as the World Bank and the International Monetary Fund (IMF) have drawn policies, laws, development programs and international lineaments that intend to draw rational paths for developing countries to become modern and prosperous. However, these policies do not always achieve the desired objectives, and whenever these attempts are unsuccessful, the idea that people adopt 'irrational' behaviour is reinforced.

[1] The author is director of *ChemaTierra* – science popularization Project in Mexico City. This article was presented as the dissertation project for the M.A. *Anthropology of Development and Social Transformation*, University of Sussex U.K. E-mail: deya.almazan@gmail.com

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However, what does the market model refer to when assuming a rationality so unquestioned, unchallenged and ready for use? What is this rationality by which development institutions and entire governments are advocating and that most anthropologists so firmly reject? What does it look like and how is it measured?

In this paper, I will make use of some anthropological texts that deal with the notion of the market in order to unpack the theory, definition, multiple interpretations, terms, assumptions, its promising results, and those concerns or criticisms that the concept has raised. I will make use of different ethnographies that have been created for analyzing different markets around the world and the way people reframe their understandings of rationality.

Through this work, I pretend to look for a link between Economics and Anthropology that many have urged before. However, I am referring to a link that does not necessarily consist of combining important points of both sciences but, rather, a link that rethinks and reframes their terms of references and their basic premises. I am looking for a link that moves beyond paradigms, accusations, dichotomies and debates – a deconstruction is needed before any construction is made.

The paper is divided into four main sections. In the first section, I will provide a brief description about the Anthropology and Economics principles and, subsequently, the subdiscipline that combines them both. I will discuss the theory behind this subdiscipline, in order to analyze the debates and concepts with which rationality and irrationality are addressed.

Throughout the following section, I will describe the market and its multiple definitions, understandings and concepts. In this section, I will analyze the assumptions behind the model of the market and the economic theory to which it has been related. In doing so, I will rely on different market ethnographies around the world; in addition, the concept of the free market will be introduced to take the analysis where the model presumes optimal results.

In the fourth section, I will present my case study about the financial market. For this section, Karen Ho´s ethnography about Wall Street as well as various documentaries which primarily address the financial crisis of the late 2000s, will be examined in order to define the financial market, the indicators that it uses, and the environment in which actors are surrounded.

Finally, in the last section, a holistic analysis will be performed, combining the findings and considerations of each previous section; in this discussion, the model of the market, the free market and the idea of human rationality will be addressed.

2. Anthropology and Economics

Though Economics and Anthropology are both social sciences, there is an epistemological gap with ideological implications that has kept them apart for decades; according to Cosgel (2005), they seem not to talk to each other. Economics has moved into the path of exact sciences by developing models, theorems and creating paradigms with the purpose of finding a common denominator that can explain human behaviour. Anthropology, in contrast, has focused on analysing human behaviour from a social lens, putting more emphasis on the idea that people are naturally social actors, who are involved in norms and values constructed by their environment.

The two disciplines also differ in methodology. Whereas Economics deals mainly with secondary sources to gather and systematize quantitative data in order to

create economic models; anthropological research lies in its Ethnography, where the main purpose is to gather qualitative research through direct intervention.

Despite the important work of those anthropologists who have used quantitative methods, and economists who have drawn on qualitative evidences; various researchers suggest that the two disciplines must develop tighter links in order to create a new and fresh perspective in the field of social sciences.

One of these links is focused towards economic anthropology, a subfield where these two sciences are expected to work closely. According to Stuart Plattner (1989), economic anthropology is the study of economic institutions and behaviour occurring in anthropological places and in ethnographic style. Yet, throughout its history, the field has moved beyond these narrow definitions by placing itself at the centre of current issues in the social sciences, questioning and debating the practical motives of people in their daily lives, understanding humans as both practical and cultural (WILK & CLIGGETT, 2007).

However, as mentioned before, there is still much to be done. Economic anthropology has to move towards a more comprehensive approach in order to meet the current challenges that face us. One first step might be going back to the roots of the field and its main discussions.

3. Breaking down dichotomies

By the early 1960s, there was an inclination for making social sciences more 'rigorous and scientific' through models and theories that could explain human behaviour from a 'rational' and universal perspective. This group of scientists called *formalists* believed in the *rational choice theory*, which defined economic behaviour as the behaviour of individuals seeking the most cost-effective means to achieve any specific goal. Formalists asserted that every society could be explained in maximization terms with the proper interpretation. In other words, all humans make individual choices and maximize their own utility according to their own goals and preferences; those preferences and goals are not necessarily akin to economic value or financial gain but anything that is valuable for the individual as prestige, leisure or solidarity.

Feeling uncomfortable with this generalization, the *substantivists* challenged this notion by claiming that economic decision making in many places is not based on individual choice, but rather on social relations, cultural values, moral concerns, religion, politics, kinship, norms, etc. They refuted the idea of fitting human behaviour into the same box and the use of the same universal tool for understanding it (WILK; CLIGGETT, 2007).

Karl Polanyi, a Hungarian economic historian, anthropologist, and philosopher, was the motivator of this last stance; arguing that economic activities within 'precapitalist' cultures could not be understood within the framework and values of formal rational economic logic that was fused in modern capitalist system. He made a distinction between modern capitalism, which was embedded in the market and the economic systems of other cultures, which were embedded in other social institutions such as kinship relations, religious institutions, and so on.

Following this logic, a separation between two different modes of exchange was also made. At the time of the formalist-substantivist debate, many anthropologists and sociologists were concerned on showing how societies commonly described as 'peasant', 'premodern' or 'non-western' relied on gift exchange for their economic activity, standing juxtaposed to those market

and western societies that based their activity on commodity exchange.

Today, despite the debate is properly over, contemporary approaches on the difference between these two modes of exchange are still present. Whereas gifts are seen as having inalienable properties that presuppose reciprocity with cultural and moral value, commodities are seen as completely alienated from their producers, attributing no other value than the economic and as the only element of impersonal markets.

Analysis about economic lives needs further engagement though. Dividing lines that do not necessarily represent our reality need to be removed. Today, when analyzing modes of exchange, whether within or outside markets, we should be fully aware that societies most of the time experience parallel coexistence between different processes and multiple structures of social relationships.

The Jajmani society, for example, subsists by means of a mutual obligation system that expresses the moral and ideological aspirations of the participants. In a secondary plane, the impersonal market plays a role to fill the gaps of that first system. In this way, the market does not represent a threat to their social system but on the contrary, something vital for its functioning (MILLER, 2011).

As it might seem natural to relate non-market systems with moral dependency, societal relationships and reciprocity exchange, it is also common to see capitalism as the only alienated system as it seems full of impersonal commodity exchange that has recently emerged replacing reciprocity. However, as we can see in the Jajmani example, or in Melanesian societies where people exchange particular items with strangers with no sense of gift-like expectancy and with complete alienated conditions, every society is and has been built by a mix of forms of exchange, processes of trading, commerce, reciprocity and relations that do not necessarily refer to any particular system, much less to any particular time. Our reality urged us to move beyond dichotomies of gift versus commodity, moral economy versus political economy, subsistence versus market society.

4. The market

The word market comes from the Latin ‘mercatus’ meaning ‘trade’. Strictly speaking, in the market, consumers and producers interact with each other with no other means than exchange. The price is the clearest expression of this union and the process is automatically driven by rationality: Producers want to sell at the highest price possible while consumers want to buy at the cheapest; subsequently, they agree on the price where they are both better off.

Today, when we talk about the market we can refer to two different things: the physical space where buyers and sellers execute trade and exchange activities, and, the market in a more abstract sense, in reference to the theoretical abstraction from human activities and practices (DILLEY, 1992). The latter does not refer to the local or weekly market, but to the economy as a whole; an economy so embedded in exchange and commercial relations that everything is reduced to commodities. A market society where the land, the labour and capital are defined as commodities ready to be used by any individual, firm or corporation with enough resources to buy them (LUBASZ, 1992).

In this ambiguous notion of market, people are required to behave ‘rationally’, meaning, egoistically. In the perfect definition of rational market, individual actions, driven by self-interest and

maximization of personal utility combine to further the best interest of society. The rationality behind is expressed in terms of individuality with no apparent room for the 'public' but conjoined by the sum of all individual choices and actions, the Adam Smith´s famous 'invisible hand'.

Many things have been said about Smith´s invisible hand, Heins Lubasz (1992) for example, argues that the notion of the invisible hand that markets advocates support, has been misinterpreted, misused and seriously distorted. For her, Adam Smith saw in all humans a natural inclination not only for gain, but also for security, for ease, and for independence, that would channel the individual in the 'right' direction; free from those greedy individuals that represented the state. However, the relation between this natural inclination and the neoliberal concept of the market, refer to an invisible hand that would channel the individual only in the direction of making the highest possible profit.

In the neoliberal market theory, where impersonal exchange mechanisms and autonomous economic conduct is not only prioritized, but deemed as 'rational', nothing seems to suit better than this concept of benevolent egoism.

What would happen then if people were not motivated by self-interest? Nor profit? What if their land, labour and production were not fully marketable? Where the unit of production is not the individual but the household? What would happen if a marked division between consumers and producers were non-existent?

By framing 'rational' a particular mode of behaviour, everything that does not fall under that frame is considered 'irrational' and as 'irrational' must be changed and improved.

4.1. Irrational markets?

According to Lubasz (1992) for Adam Smith, rationality came from the fact that individuals would choose agriculture over manufacture and trade because of the independency given by its auto-consumption property. Today, societies have become so mixed and complex that their reality does not necessarily refer to dichotomies as market and non-market behaviour.

Philippine women from Ifugao, for example, build their economic reality in a mixed system that goes from auto-consumption to commercialization in a combined and holistic way. Rice is considered a symbol of wealth and prestige, in which excess is not sold, rather it is saved for future family consumption. At the same time, they have developed a handcraft commercial market that besides what 'market theory' may suppose relies on relationships that involve trust and reciprocal favours as a way to cope with the asymmetric information they face (MILGRAM, 2001).

In this way, whereas it is common to leave behind subsistence production once analyzing the market because of its insulation from supply and demand, it is important to notice that sometimes subsistence production, while not driven by the profit-motive, can only be understood with reference to the operation of capitalist markets (BERNAL, 1994).

For the same reason that the market theory often ignores self-subsistence societies, it recognizes those others in which individuals suggest a division between those who produce and those who consume. However, a clear division between these individuals is not always evident, neither the desire of profit maximization of the former nor the utility maximization of the latter.

Setting the example of a Bazar in Morocco, Clifford Geertz (1978), demonstrates how supply and demand could be constructed in a way that goes beyond the art of selling expensive and buying cheap and

how this may play a secondary role inside a market. Instead of sellers trying to maximize profit and consumers utility, in the bazaar, as the information is reduced, scarce and maldistributed, the central experience of the bazaar is the search for information. By developing this search, buyers and sellers depend on price bargaining, stable clientship ties, prestige, etc.

In a similar way, Colombian Páez Indians provide us a story that breaks paradigms. They are not divided into consumers and producers; they produce coffee for sale outside the community and other crops as subsistence means. This makes exchange absent from the process of production and independent from the structure of decision-making. Furthermore, because of the limited quantity of coffee that they produce, it is more 'rational' for them to act coordinated, in a jointly way, than to act individually (ORTIZ, 1967).

As these examples might illustrate, rationality could be understood as a notion full of dynamisms, changes and adaptations, a relative perception and culturally constructed. However, many market advocates find their outcomes inefficient because of this social dependency. According to market advocates, these 'exotic' examples slip the bonds of its context and until these people follow the so-called rational path, the outcomes will always be below their potential.

So how can they reach full potential? According to market supporters, there is only one way: the free market. The market model that is not constrained by other actors, institutions, moral frameworks or general motivation.

4.2.The free market

By the 1980s, the world experienced a rapid transformation regarding the political economy; from Keynesians regulating policies after the Great Depression, the economy moved to a complete liberalization of the markets in the 1990s (CARRIER, 1997). The idea was to detach markets from government intervention and in general from any kind of social mediation.

The notion of the free market was highly influenced by James Buchanan´s *public choice theory* in which the notion of public interest becomes non-existent. According to the theory, if societies rely on the goodness of politicians they will be in trouble, rather, the solution is to encourage public servants with incentives to follow their self-interest (CURTIS, 2007). This pessimistic vision of human motivation was materialized in ultra-conservative policies pursued by governments such as England under Margaret Thatcher—who declared that society is inexistent (CARRIER, 1997, p. 14)—and governments such as the United States under Ronald Reagan. The intention was to leave supply and demand to regulate prices, wages, and any kind of socio-economic contract.

In the free market, the individual (whether a person or a firm) is autonomous, 'rational' and independent. Human dimension is reduced to a profit-maximizing agent, consumer, customer, supplier or producer. Rationality then is understood as competitiveness, efficiency and optimal allocation of resources which moves us toward individual benefit, being social welfare the automatic result.

The process promises to run as follows: private ownership backed by legal guarantees and perfect competition amongst suppliers will meet the demands of free and independent consumers; at the same time, the extensive division of labour into specialist's firms will provide the market with production for sale. Supply and demand will converge

through the price index driven by natural scarcity (PRESTON, 1992).

Authors like Preston (1992) have pointed out some of the problems associated with drawing a 'rationality' under the assumptions of a model riddle with gaps and incongruities. In particular, he talks about scarcity, perfect competition and division of labour.

First, Preston points out a notion of scarcity that is not given, but completely relative to the capacities of any society and therefore cannot be taken as natural, but as cultural and in need of construction. Secondly, he talks about the absence of perfect competition from markets; what economists call *market imperfections* happen to be the norm instead of the exception. Thirdly, in relation to the division of labour, he argues that rather than being naturally given, as it is understood, it is dependent on economic relations and patterns of power within societies and their economic and political system.

Despite these smears, the model of the free market became so accepted that everything is viewed under its lens. Arts, politics and society have been guided by the logic of efficiency, productivity, competitiveness and the maximum economic benefit arising from its operation.

Throughout history, the United States has claimed to be the clearest expression of the free market model. Its financial market promises to work as its central piece and biggest facilitator. For this reason, the U.S. financial market and its metonym Wall Street will be addressed in the next section. It is my aim to show a market that, as any other, behaves beyond supply and demand and rationality assumed by neoliberal theory. A market where gift exchange and commodity exchange not just coexist, but overlap; a market where a plurality of productive relations and rationalities interact; a complex market where rationality goes far beyond acting autonomously and impersonally; a market based on relationships, connections and personalities; and more important, a market that is in any way distant from the various markets presented before.

5. Case study: the financial market

When a corporation or firm desires growth or expansion, they turn to financial markets looking for rising capital; whereas, previously, growth came through production or consumption, today investment seems to be the primary source. By definition, a financial market is a market in which any kind of financial transaction takes place. Those transactions may involve corporations stocks, commodities, bonds, derivatives, and in general, any negotiable financial instrument, that reflects supply and demand.

As these instruments, actors within this particular market can vary largely. Corporations, brokers, individual investors, commercial banks, investment banks, financial agglomerates, securities insurance companies and rating agencies, coexist in a place where they are reduced to nothing more than producers and consumers, and of course, are expected to behave independently and rationally.

Because of this mixed interaction, the financial market is such a complex and abstract entity that is hard to define. As with any other market, its definition depends on the constructions and understanding of its actors; a construction and understanding regarding not only to the market itself, but also to the model and its theory behind.

Financial markets differ from other markets in only one aspect: rather than trading goods, they trade assets. Though its 'rationality' does not change; it has supply and demand holding it together through the *efficient market hypothesis*: you have a value of something in the market, if it is too low,

people will recognize it and bring the price up, if it is too high, they will bring it down (SINGTON, 2011).

Following the rational and self-interested logic of market theory presented above, financial market comes to serve as its greatest impulse. The idea that firms, by behaving independent from any social aspect or relationship and by acting selfishly, are able to provide public prosperity makes perfect sense. Nevertheless, many are the authors that have challenged the anonymousness and independence of this peculiar market.

Grieco (1987) for example, points out that many British firms rely on worker´s kin for hiring new employees. In a similar way, Dore (1983) and Granovetter (1985) notice that firms, because of the uncertainty they face, rely on personal relations, internal favours, mutual agreements, etc., for they prefer to establish strong and durable relationships when dealing with each other rather than feeling exposed to the forces of the market.

By now, it might not serve as a surprise that the financial market is embedded, like any other, in personal relationships and social dealings. However, the rationality claimed by the financial market intends to go beyond anonymity and independence; it is a rationality that promises low profits, no state intervention, efficiency, competency, innovation, fairness and social welfare; a self-interest maximization rationality that promises social improvement and universal well-being. The question, therefore, lies not so much in its benevolent claim but in its viability.

5.1. How we got here

Wall Street´s main goal has always been liquidity: to turn corporations into liquid assets so that the selling, buying and dismantling of parts happen quickly and effectively. This idea of making stocks easily convertible into cash or other stocks was motivated by the need to create a counterweight of the illiquidity institution of the corporation that could separate people´s investment strategies from the day-to-day business of firms (HO, 2009). However, what may have seemed a necessity back then today is nothing but a corrosive space in which neither corporate operations nor investment strategies has something to do with people, ethics or moral values. A space in which impersonal figures rule the whole system and where managers´ decisions can intentionally lead to a firm´s bankruptcy, or worse, to the whole economy breakdown. How did it happen?

After the debt increase and irresponsible lending caused the collapse of the American system by the end of the 1920s, Wall Street was completely forgotten, as it was seen as deceitful, unproductive and unstable. As a response to the crisis, the US Congress, during the first term of President Franklin D. Roosevelt, passed a series of measures in order to recover, reform and construct a social welfare system that would save the American capitalism. Under this agenda, there were three important laws passed for preventing stock market players to speculate with depositors savings: The Glass-Steagall Act, the Securities Act of 1933 and the Securities Exchange Act of 1934. The idea was not to change capitalism but to regulate it.

Forty years of economic growth and financial stability followed the Great Depression. By the 1960s memorials of the crash were vanishing and new financial techniques such as diverse portfolios and risk management, together with public campaigns launched by the New York Stock Exchange (NYSE) helped to control shareholding fear. In addition, the expansion of "blue-chip"

companies that were well-recognized, well-established and with low volatility attracted investors in such a way that by the end of the decade, the industry had gained back its dominancy, turning into a huge gold mine by the late 1980s.

The financial innovation boom in the 1990s, resulted in the creation of complex multiple types of securities (CDOs, CDS, etc)[2], together with a series of deregulating measures introduced by the Bill Clinton and George W. Bush administrations, helped Wall Street players to consolidate their fortunes. Investment banks started exercising maximum power that policies gave them, and began making use of the new instruments, connecting millions of dollars in mortgages and other loans with investors in all over the world. The result, as we will see was chaos and instability.

5.2. Market´s mission statement

At the same time, while stock market players were making millions of dollars a year, corporations themselves were also going through a metamorphosis. The positive and benevolent motive that managers were supposed to have towards employees, customers and society was destroyed and replaced in the 1990s by the figure of 'shareholder value'. Through this impersonal figure, social responsibility, corporation research and information were no longer necessary nor important, for every aspect of a corporation was represented and measured according to it.

Strictly speaking, a shareholder is any individual or institution that owns a share of stock in a corporation. Shareholder value in turn, is the value that a shareholder is able to obtain from investing in the company. Today, the primary mission of any corporation is to create shareholder value; that is to increase their stock prices for the benefit of the owner.

Nurtured by the distrust hidden behind free market´s liberty, shareholder value was created to align incentives. With this numerical figure, the gap between owner and manager would reduce and shareholder´s wealth would be assured. In this way, shareholder value has turned into a measure that promises to reflect every aspect of the corporation, its value claims to talk for workers, environmental issues and ethical practices. However, what does the fact that a stock price increases after hundreds of employees are laid off suggest? Doesn't it demonstrate opposite interests?

The use of shareholder value as a measure of success within the market is alarming; its value does not reflect the situation of its workers and internal operation but rather a total detachment between them. Whereas before employers developed values of trust, loyalty and commitment with a company through long-term engagement; today everything is about developing superficial social relations and short-term commitment; Chief Executive Officers (CEOs) are seeing themselves as investors rather than long-term employees committed to building a permanent social institution (HO, 2009).

Whilst shareholder value shapes a completely detached relationship between employee and firm, advocates encourage and adapt the impersonal figure because of the neoliberal concepts that it embraces (i.e. private property and profit motive). However, the supposed efficiency of a firm run by a shareholder instead of a manager is attributed to neoliberal texts such as Adam Smith's (1776) which, besides it might be distorted, referred to a private property of one owner

[2] Collateralized Debt Obligation (CDO) refers to investment securities backed by a pool of bonds, loans and other assets. Credit Default Swap (CDS) is a financial swap agreement that protects the buyer in the event of a loan default.

and few employees. Today, when corporations like Morgan Stanley have 50,000 workers with multiple shareholders, these advocates try to boost the notion under the same definitions, making it inconsistent with the original theories and, therefore, creating a notion of shareholder value not just static but contradictory (HO, 2009).

A mainstream discourse that shows shareholder value as given, unchallenged and static thus eclipses its formation and ignores its origin. Shareholder value is the reflection of all those different actors' understandings of the market. A construction based on their personal lives, work environment, academic background and professional experiences.

5.3. Surviving Wall Street

Since financial markets have become increasingly complex, behavioural finance has tried to give an alternative explanation to those attitudes and decisions rather than 'rational' motives. De Bondt and Thaler (1994) conducted an interesting study based on this point. They found that psychological attitudes and personalities such as self-confidence, imprudence, competitiveness and risk taking are some of the driving forces behind economic decisions.

While government policies contributed to the fusion between the financial market and the American political system, Wall Streeters' behaviour and personality is the result of more structural factors.

With thousands of universities in the United States, only two are those on which Wall Street relies for recruiting students without practically any restriction. Harvard and Stanford are ranked in the world´s top 5 universities and their well-known "selectiveness" and the difficulty of getting in have let them claim the formation of the smartest and most ambitious people on the globe, the "top of the crop" and Wall Street ideal employees (HO, 2009).

From 2000 to 2005, about 40 percent of Princeton students decided to work in the financial sector; in 2005 close to half of those of Harvard went through the recruiting process for investment banking and consulting jobs. With this extensive alumni network, Wall Street has become an extension of these Ivy League institutions, a reunion point and de-facto home (HO, 2009). But what makes graduates, not only from financial careers but often philosophers or novelists, to end up working at this place?

Wall Street firms monopolize the attention of the students since their first years. Recruiters visit the university virtually every week, even on weekends. They show up at all major events, whether academic, social, cultural or sport. They give the best bags, the trendiest t-shirts, mugs, bottles, caps, and any item that allows students to become walking advertisements (HO, 2009). Innumerable speeches of wealth, money, skills and intelligence are core part of their academic life, they are constantly brainwashed with the deeply rooted culture of meritocracy, where you become king of the world merely because you deserve it.

Few opportunities a student has to speak directly with a recruiter, so the competitive environment is never disincentive. Under this aggressiveness, students, while being enchanted with large and highly known firms, are often prevented from doing what they are most passionate about. The idea of modeling international business and corporations, and the promise of becoming the financial elite, not just narrow down their job preferences and labour skills, but often, destroy their ethical principles.

The selection process in Wall Street, in turn reinforces the culture of "the smartest and the best" that students adopt while studying. Employee´s performance and

potential go beyond numerical skills or financial interest; instead, the most successful candidates possess energy, a history of excellence and achievement, leadership and interpersonal skills (attitudes that only top universities can assure). According to these firms, financial know-how is easy to teach (HO, 2009).

Having completed the dream of entering Wall Street, graduates (now analysts) as the lowest on the totem pole, are about to work their asses off. An intensive work level of 100-110 hours per week that allows no luxuries, not even weekend days off, and an "unspectacular" salary (or so they believe), generates a natural habitat where performance is understood only in comparative terms of who works more, sleeps less, eat worse, and the like. In the meantime, lectures of smartness, globalization, money, hard work, relationships, and technological prowess keep players captivated, while the illusion of immersion with the smartest and most motivated people, and exposure to the "highest level" business deals, makes it all worthwhile (HO, 2009).

For those who survive, excessive salaries and generous benefits usually follow the couple of years of exploitation. From then on, suits of $2,000 dollars, Rolexes, and succulents bonuses are seen as normal. In addition, cocaine consumption, hire of prostitutes, and strip-clubs visits – albeit understood as empowerment – reflect the competitive, insecure and uncertain environment that they face (FERGUSON, 2010).

Everything in Wall Street denotes hierarchical power. With differences on school of origin, race, and gender, along with superficial discrepancies as elevators or operational areas, players reinforce a superiority, which although profound, they know is never secure.

Anxiety and uncertainty, resulting from downsizing and takeovers, compose the financial market atmosphere, for workers can lose their jobs at any minute and without previous notification. If so, because of their access to confidential information, they are required to leave the building in no less than thirty minutes. In addition, the "high risk/ high reward" compensation scheme that measures performance not according to what is best for the company, but to the number of deals executed, makes Wall Street a battlefield where values cease to exist and disloyalty, irresponsibility and immediacy are not just priorities but are handsomely rewarded.

Actors in Wall Street thus while believing that through liquidity and quick allocation of money they contribute to a better economy, their personal lives, work environment, academic background and professional experience shape the rationality of a model that they pursue so doggedly and take as given.

These mentioned points show that the market we are dealing with is constructed by personalities that in turn are reinforced by a volatile work environment and brainwashing academic backgrounds; a market where single numerical figures such as shareholder value represent the entire success of a company leading to an absolute alienability from workers – though claiming to do the opposite. A market sustained by a theory trapped in static concepts that resist any relativity; and a market not only supported but also validated by a political system viewed by many as a worldwide role model. Thus, what can we expect from this kind of market? The results are varied and disastrous.

5.4. Making the model tremble

In 2008, the financial market was involved in a series of events that left bankrupt not only large financial corporations as the famous insurance company AIG and large investment banks as Goldman Sachs

and Morgan Stanley, but also entire countries like Iceland. Since then, the consequences have extended throughout the world leaving unemployment rates above 50%, many more millions of poor, extreme violence environments and huge inequality rates. The crisis is considered the worst financial crisis since the Great Depression and to many the worst and most devastating in history.

After the crisis, the "too big to fail" financial institutions were rescued by the U.S. Government, and cost American taxpayers 700 billion dollars. A rescue made at the expense of the autonomy that the model suggested.

Several reasons for the crisis have emerged. For some, the problem came from the deregulation of those laws that protected the depositors and that enabled the creation of huge financial conglomerates such as Citigroup. For others, it was the greedy and selfishness of Wall Street players who care for nothing but themselves; others suggested placing the blame on a society embedded in debt, credit and consumption; and for others it was the inequality rates that had 1% of the population earning 24% of the income (SINGTON, 2011). However, there is a deeper reason combining all the reasons: the economic model in which the market relies on and the assumption of rationality behind it.

6. Conclusion

The neoliberal market model relies on one infallible assumption: people behave rationally. Individuals in the market are expected to be driven by self- interest motives to maximize their utility. In this way, the rationality assumed by the model does not leave enough space for the public. The rationality reduces the individual to nothing more than consumer and producer, where the former attempts to maximize utility and the latter profit. Under this individuality, commodities are viewed as the main exchangeable element in a market, leaving aside those other modes of exchange such as gifts where profit aim is replaced by reciprocity and, therefore, no supply and demand is said to be found.

However, in this work, I have illustrated different examples of markets that are not necessarily characterized by any specific market behaviour. Examples of markets where commodity and gift exchange coexist in the same space; markets that are not defined by a division between consumers and producers; societies with an obligation exchange system that have developed parallel peripheral impersonal markets; markets where joint actions, rather than individual performances are translated into better results; and markets in which the objectives go far beyond selling expensive and buying cheap. Thus, under the definition of rationality assumed by the model, where do these markets fit?

Today, we live in such an uncertain and dynamic world that certainty seems to be given only through models, theories and numbers. Ideas such as trust and love are undermined in a world were individual freedom stands as the main goal. Public interest is not only suspicious but also false, for nothing will harm a society more than relying on the benevolence of their civil servants. Instead, incentives have to be created so that self-interest aligns with the welfare of society (CURTIS, 2007).

Economic models that are built under mathematical calculations and unquestioned assumptions such as rationality, given scarcity, perfect competition, consumer sovereignty and perfect division of work, are idealized and have become cornerstones of development discourse and central pieces for success. The market has become so trustful that it has acquired enigmatic properties

promising to work better without any institution, social aspect or public framework that could restrain its outreach. The market guarantees to be an autonomous, self-contained and self-determined mechanism with powerful and far-reaching results.

The idealization of such a notion has created a narrow space where those modern and western societies differ from any other time and place. The market has become emblematic of the West, where individuals are said to maximize value and base their economic behaviour on cost-benefit calculations while there seems to be no space for other societies with differing types of relations and transactions. Consequently, the model divides people, corporations, governments and countries into winners and losers, reinforcing and legitimizing those policies that instill hope in losers of becoming successful while rejecting those who do not share it premises (CARRIER, 1997).

As the model of the free market denies economic policies of countries such as Japan, where growth was the result of restrictive policies and government intervention (CARRIER, 1997), they praise all others that embrace deregulation policies much like Britain or the U.S.

The model of the market has become so powerful that whether its rationality exists or not is no longer important as long as we know how it looks. Rationality, thus, is measured by specific outcomes that shape a pattern of how to be 'rational' and what 'irrationals' should aspire to. So what is the rationality that the free market expects and what does it appear?

In this paper, I have presented the example of the United States because of its self-assertion of being the heart of capitalism. Capitalism, in turn, promises to be a system that, unlike socialism or communism, promotes individual´s freedom to follow their rational instincts. It is a system where the central piece is the autonomous, rational and competitive market, leaving no room for the state. Therefore, since its creation, Wall Street (a metonym for its financial market) has claimed to be *free market´s* closest manifestation, where workers are empowered by their prestige and elite education, their experiences of hard work and their role as centerpieces of investor capital.

The results presented here, however, show a financial market that gets lost in its dimensions and abstractionism. A market that seeks to be everywhere and claims to be nowhere, that claims to freedom, democracy and prosperity while within it is everything but free, democratic and prosperous (HO, 2009). It claims to be clear and transparent while it is obscure, heterogeneous and chaotic.

This market is the result of a model full of incongruities, contradictions and false assumptions that has been latent for so many years, not because of 'rational' human actions but because of the network and wide room for interpretation and negotiation that has been created around it (LATOUR, 1988). Actors have drawn policies, theories, theorems and models with plenty of people reinforcing them. Academics in well-known universities, students, investment bankers, politicians, governments, International and Development Institutions, they are all part of a network that has let the model of the market reach the point where it is today. In the meantime, those standing in the way are seen as 'irrational' and are urged to be changed.

The market – as Polanyi said, and as I hope have illustrated – is nothing more than a social construction (CARRIER, 1997). Brokers, bankers, investment bankers, traders, petty traders, commercial women, etc; they all construct a market according to their daily experiences, culture, education, personal relationships, social norms, legal frameworks, etc. Regardless of the market, rationality is nothing more than different understandings of the world and the way it

works; it is a rationality that goes beyond supply and demand, beyond selling expensive and buying cheap, a rationality that cannot be seen through the lens of an autonomous, impersonal and indivisible human being.

In Wall Street, where the plan and strategy is shaped by a short-term vision, rationality is a synonym of dynamism and versatility. This rationality is understood as taking as much of the market as possible, because – much like the price of a stock – their wages, compensations, bonuses and jobs will not last forever. This is translated into making deals that do not necessarily result in benefits for a company; forgetting improvements and planning because it speaks of static and therefore inefficiency; dealing with clients of illegal precedence or; betting against securities that the same investors promote. Nevertheless, do we have to feel comfortable while these actors – the 'smartest' people on earth – make use of their own definitions and understandings of rationality?

In this immensity of rationalities, where every human being seems to draw their own, the word becomes worn-out, senseless, useless, meaningless and, worse, deceitful and harmful.

While orthodox economists like Milton Friedman say that, the point is not whether the model's assumptions are realistic but whether the model succeeds in practice (PRESTON, 1992), we keep looking for its successes, and in the meantime, financial crisis – like the current situation – cloud our view and make it increasingly difficult.

Economic models seem to keep missing the point and the discipline is in urgent need of detoxification. Rethinking old terms becomes necessary, so, as to get rid of those notions that – like rationality assumption – limit the discipline´s outreach and neglect its social side.

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Nunca Fuimos Racionales: Refutando los modelos económicos desde una perspectiva del mercado

Resumen: Através de textos antropológicos que han abordado las distintas nociones del mercado, de manera tanto general como abstracta, este trabajo intenta desempacar la teoría económica en la que dichas nociones se fundamentan y los supuestos detrás de esa teoría. Tomando como ejemplo diferentes etnografías de mercados en todo el mundo y haciendo especial énfasis en el mercado financiero de Estados Unidos, el trabajo compara y examina la racionalidad que el modelo supone y aquella entendida por las personas. El análisis, rompiendo dicotomías, debates y paradigmas comunes, pretende mostrar que el mercado y su racionalidad no son más que construcciones de la manera en que los actores interpretan el mundo.
Palabras-clave: Racionalidad; mercado; crisis financiera.

We Have Never Been Rational: Contesting Economic Models from a Market Perspective

Abstract: Through anthropological texts that have addressed both the broad and abstract notions of the market, this paper aims to unpack the economic theory on which these notions rest and the assumptions behind them. Taking as examples different market ethnographies around the world, with particular emphasis on the U.S. financial market, it discusses the definition of *rationality* that the model assumes and the different understandings that people might have. This analysis—through moving beyond dichotomies, paradigms and debates—intends to show that the market and its 'rationality' are nothing more than constructions of the way actors interpret the world.
Keywords: Rationality; market, financial crisis.