



# Economization: The (re-)organization of knowledge and ignorance according to ‘the market’\*

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## abstract

How societies can answer crises depends - among other things - on their organization of knowledge and ignorance. In the case of societies in which processes of economization are present this organization is significantly shaped by the concept of ‘the market’ and corresponding economic theories. The paper analyses the epistemic organization of knowledge and ignorance in processes of economization that are based on the concept of ‘the market’ as it is interpreted by Friedrich A. Hayek. Furthermore, it provides a conceptual framework of four characteristics intended to differentiate economic theories regarding their suitability as foundations for economization. The analysis indicates that economization is an act of epistemic imperialism, subsuming the diversity of reality under one singular concept – ‘the market’ – that knows no boundaries, while complementarily disqualifying knowledge of those boundaries as illegitimate. The study concludes with an outlook on the implications of that knowledge lost to economization and suggests a first step to re-organize knowledge and ignorance in economized contexts.

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## Introduction

The organization of knowledge and ignorance of societies shapes their perception of crises and how they deal with them. Of particular importance is knowledge that becomes *nonknowledge* by being declared illegitimate knowledge. This body of knowledge is not, or only to a limited extent, available to societal discourses for understanding and shaping their lifeworld. What is considered legitimate and illegitimate knowledge in a society depends to a large extent on the constitution of this society, its norms, institutions, and habits. In this paper we analyze the significance of processes of economization for the re-definition of legitimacy of knowledge in societies on a conceptual level. By *economization* we mean discursive and institutional processes that design areas of life and activity previously defined as non-economic, such as education or care for senior citizen, according to a decidedly economic logic.

In this paper, economization will be considered in terms of its structuring effect on the epistemic-normative topography of knowledge and ignorance. We focus on the epistemic facet of economization and build on the premise that economization – among other aspects – can be understood in terms of processes of *epistemic imperialism*. These shift the boundaries between legitimate and illegitimate knowledge and thereby organize the landscape of knowledge and ignorance in societies. Their imperialistic character derives from the land-grabbing aspect of these shifts, which expands the realm of one particular version of ‘the economic’ to formerly non-economic territory. The notion of ‘the market’ serves as a crucial benchmark of legitimacy of knowledge and as an engine in these processes.

The paper traces these epistemic-normative shifts regarding the role of the concept of ‘the market’ as exemplified by Friedrich A. Hayek and that of Economics as a lead-discipline for economization. It offers a conceptual framework of four characteristics qualifying economic theories as authoritative sources of knowledge in economization and hence contributes to a differentiated account on the role of the discipline. The analysis identifies self-reflexive knowledge of the assumptions, contexts, and impact of that organization as central element shifted to the realm of ignorance. Furthermore, the paper briefly illustrates the knowledge lost and ignorance

created in economization by the examples of the Financial Crisis of 2007/8 and environmental governance. The conclusion gives a tentative outlook on how the organization of knowledge and ignorance inherent in processes of economization could be transformed. The following section introduces the central concepts of knowledge and ignorance and discusses why they matter for societies in crisis.

### **Crises as challenges in dealing with knowledge and ignorance in democratic societies**

Largely unexpected crises, such as the Covid-19 pandemic, reveal a society's ignorance that is at least in this case astonishing in retrospect. This concerns both medical knowledge, such as epidemiology, and social science knowledge, including economics. About other crises, however, such as the climate crisis, an extensive body of knowledge has been produced by science and disseminated into public discourse. Despite of that this knowledge has led to verbal approval but little (or not enough) factual action, at least in the realm of politics. The climate crisis and the Covid-19 pandemic reveal society's struggle over which knowledge is the appropriate one in each case to identify, understand, and deal with specific phenomena as crises. For in both cases, not only knowledge, but also ignorance is produced (cf. for the interdisciplinary field of ignorance studies or *agnotology*: Proctor and Schiebinger, 2008; Gross and McGoey, 2015; High et al., 2012; Hertwig and Engel, 2016; Sullivan and Tuana, 2007; Wehling, 2009; Moore and Tumin, 1949).

This specific form of ignorance can lead to silence about the respective phenomena, denying their existence, or mitigating their urgency. For what counts as knowledge and what not in a society defines the horizon of its possibility of perception, judgment, and scope for action with reference to reality. In this way, individual and societal action can be prevented or inhibited, since its rational, emotional, and motivational basis is eroded by such an intentionally produced ignorance, here understood as a particular form of 'strategic ignorance' (McGoey, 2012). Ignorance of this kind covers not a *not-yet-known*, based, for example, on insufficient research, but a *not-to-be-known*, a deliberate normative intervention in public discourse to shift

a piece of knowledge to the realm of ignorance. It is hence a form of ‘deliberate ignorance’ (Hertwig and Engel, 2016), a deliberate decision made in and for a collective not to know something. The discourse on climate change stands exemplary for this form of knowledge and ignorance production (Oreskes and Conway, 2008; Björnberg et al., 2017), but it has also been demonstrated for the case of cancer research and the tobacco industry (Proctor, 1996). The type of ignorance we are addressing here consists of knowledge that has been implicitly or explicitly declared illegitimate by social actors with discursive power. Being categorized as illegitimate, this body of knowledge becomes unsayable, something that must not be used to interpret and shape reality. In order to differentiate this type of ignorance, which is of particular interest for us, we call this type of illegitimate knowledge *nonknowledge* and summarize the other forms of ignorance under the term *ignorance* (Gross, 2007). The ‘non’ in *nonknowledge* therefore indicates the normative rather than the descriptive dimension of the negation, thereby extending Simmel’s concept of *nonknowledge* (Gross, 2012). *Nonknowledge* is knowledge that one can become or already is ignorant of, because it is deemed illegitimate knowledge.

Ignorance, and *nonknowledge* in particular, are structured by their complementarity to the concept of knowledge (Gross, 2012: 3). Neither concept has absolute validity. Each society develops a specific understanding of what is recognized as knowledge and *nonknowledge*:

Ignorance is not a completely amorphous, timeless, and ahistoric negative concept, but has been and is interpreted and ‘constructed’ historically as well as culturally in specific ways. How this happens is in turn closely linked to what is understood and recognized as knowledge in each case and where the limits of knowledge and the knowable are assumed to be. (Wehling, 2009: 96, our translation)

The negotiation of what knowledge a society considers appropriate and relevant has a direct impact on other basic social categories. Thus, it also divides its members into the knowledgeable and the ignorant. With these distinctions comes either authority or devaluation. In the cultural history of Europe there are plenty of examples of these struggles over the power to determine what the legitimate knowledge for the interpretation of reality is. Galileo Galilei’s dispute with the Inquisition can be understood as such: Are

clerics, who argued that Copernican astronomy contradicted the Holy Scripture responsible for the interpretation of reality? Or, natural scientists, who - in the transition from the 16th to the 17th century - developed a concept of natural laws that appears to us today as a self-evident interpretation of reality (Ötsch, 2016a)? This dispute is just one example and exposes the linkage of the epistemic with the social and political dimensions of organizing the landscape of knowledge and ignorance. Today, too, we are confronted with such disputes. The current debate on how to deal with the Covid-19 pandemic for example is also a dispute about how to deal with knowledge and ignorance and its political consequences. Violent attacks on epidemiologists or populist science denial movements, such as the '*Querdenker*' in Germany, illustrate the challenges that dealing with knowledge, ignorance, and the criteria of legitimacy of knowledge poses to democratic societies. We now look at economization as a particular form of the re-arrangement of the epistemic horizon of a society, but also its social and institutional organization.

### **Economization as epistemic and institutional (re-)organization of knowledge and ignorance**

The starting point of our considerations are processes of economization, which have been present in the U.S. and in many European countries in different areas of life, such as health care (Niephaus, 2018), academic education (Bok, 2003; Spring, 2015; Höhne, 2015), politics (Schaal et al., 2014), art, domestic, and leisure activities (Naulin and Jourdain, 2020), the commodification of animals (Clark and Wilson, 2021) or nature (Loske, 2021) and climate change (Skovgaard, 2021). The common feature of these diverse processes is the adoption of specific economic elements and entrepreneurial practices in spheres of life that used to be organized according to other logics and ethics (Caliskan and Callon, 2009; Graf, 2019). By that, market mechanisms and managerial techniques are introduced in the affected areas. Goods and practices that were once located outside the sphere of the economy are thus transformed into 'products' that can be traded on a 'market' by the means of prices (Boltanski and Chiapello, 2006).

The transformation of universities and education in Europe starting in the 1960s and culminating in the Bologna-Reforms in 1999 marks an illustrative example of economization (Niemann, 2009; Höhne, 2015). To a large extent the traditional institutional design of universities and academic education in Europe until the late 20<sup>th</sup> century can be described as following the ideal of Wilhelm von Humboldt that it should enable the self-education of autonomous personalities (Maaschelein and Simons, 2012). In economization processes this inert goal of the university is substituted by its submission under the goal of economic growth which by the 1960s is becoming to be regarded as a desirable overarching goal in society to which all its parts must contribute. In this train of thought education attains a central role, since economic growth is understood as a technological process which is dependent on innovation and hence on investments in education. This epistemic re-interpretation of education was developed as Human Capital Theory mainly in the 1960s by economists such as Theodore Schultz, Gary Becker, and Robert Solow. They performed the for this transformation so crucial epistemic turn of understanding education not as an end in itself but as an investment in one's own employability and hence one's own access to economic wealth. By transferring the 'source domain' (Lakoff and Johnson, 1980) of the interpretation of the meaning of education from the realm of personality development to the realm of economic production, these economists opened a whole new spectrum of possible epistemic and institutional measures deducible from this new set of assumptions (Graupe, 2021).

This epistemic shift thus determines what counts as legitimate knowledge, what becomes *nonknowledge*, and where the fields of ignorance beyond that lie. History demonstrates the power of this epistemic shift for the institutional setting of education. This new economized concept of education was taken up by politicians and businessmen in the 1970s onward, who hoped it would provide a solution to low economic growth in Europe and the U.S. at the time (Holden and Biddle, 2017). An important intermediary between science and policy, who played a crucial role in materializing the epistemic re-interpretation of education into a broad institutional re-design was the Organization for Economic Co-operation and Development (OECD) (Spring, 2015: 147). A hallmark of this institutional re-

design of education was its alignment according to output measures regarding funding, student numbers or publications and their competitive comparison in form of rankings.

Interestingly it is a World Bank paper that defines the role of standardization in the process of re-designing institutions very clearly: ‘An orientation toward outcome means that priorities in education are determined through economic analysis, standard setting, and measurement of the attainment of standards’ (World Bank, 1995: 94). However, this renders educational goals that can hardly be measured by quantifiable standards such as the Humboldtian ideal of education also institutionally obsolete. Not only is its discursive power as source domain for the interpretation of education fading. It can also not be depicted in institutions re-designed according to a totally different source domain. In both cases the former source domain of the Humboldtian educational ideal becomes increasingly irrelevant or to put it in terms of interest here, it enters the realm of institutional ignorance.

This process of epistemic re-interpretation of education as part of national economic production and of the university as a profit-oriented business and its subsequent institutional re-design demonstrates our understanding of economization. Central to it is the act of the epistemic re-interpretation of the field to be transformed by the change of the source domain fundamental to it. This type of discursive ‘land-grabbing’ enables one to perceive *any* phenomenon as ‘a market’ or ‘a business’ and to re-design it accordingly no matter how epistemically appropriate this perception is. Economization in this sense manifests as *epistemic imperialism*, which ultimately can penetrate all areas of society epistemically and institutionally (Harrison, 2015; Mazur, 2020). The historical process of economization in educational institutions also demonstrates the crucial role of economists as the key figures of the epistemic re-interpretation. Their role as epistemic game-changers is central to our understanding of economization and the topic of interest in this paper: the (re-) organization of knowledge and ignorance in society.

*Economization and the role of Economics*

We regard Economics as the lead-science in processes of economization, monopolizing the authority to interpret reality according to the newly introduced source domain: the economy. In this sense, Economics is the main authoritative source of legitimate knowledge and basic normative narratives for the conceptualization and implementation of economization processes. But not all economic theories are suited to justify and promote economization. In the following, we introduce four characteristics, which serve to differentiate economic theories in their suitability as sources of legitimacy for economization. These characteristics furthermore illustrate the conceptual underpinnings of the reorganization of knowledge affected by economization as proposed in this paper. It would go beyond the scope of this paper to analyze single economic theories regarding these four characteristics. It is not its intention to argue whether a theory does in fact qualify as authoritative for economization or not, but rather to provide a conceptual framework for this analysis.<sup>1</sup>

(1) *'The market' foundation: Economic theories that rely on the concept of 'the market' as ontological foundation qualify as authoritative for economization.*

Economization has also been described as *marketization* (Chaudhuri and Belk, 2020). This conceptual nuance is introduced because of the rising prominence of the concept of 'the market' in economic theories and public discourse as an interpretation of the economy (Djelic, 2006). Hence, the source domain of economization – the economy – has been further specified as being 'the market'. We interpret the concept of 'the market' as a deep-seated semantic structure of understanding the economy, which is located 'below' the level of single paradigms and thus can be found in a diverse set of economic theories. The concept 'the market' was developed a good hundred years ago in the Austrian School, in Ordoliberalism and later in the

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<sup>1</sup> If pursued, however, such an analysis would in our view show that while for example feminist, institutionalist or some Keynesian approaches do not bear these characteristics, there are others that can be regarded as authoritative in epistemically and/or institutionally driving economization, such as the aforementioned Human Capital Theory, variants of Public Choice approaches of the Virginia School, the Chicago School and representatives of the Austrian School, and of German Ordoliberalism.



Chicago School and in some neoclassical theories.<sup>2</sup> It first became widely used in Economics after World War II and in politics from the 1980s onward and was popularized with the phrase ‘globalization’ from the 1990s onward. ‘The market’ stands for a homogeneous totality that is said to function automatically according to its own rules and ‘laws’. In the economic theories mentioned above it is usually described with the help of machine-metaphors (Ötsch, 2019). Although there is a plethora of different (quite contradictory) meanings of the term ‘the market’, e.g., realistic, descriptive, normative, or utopian (Ötsch, 2019: 39ff.), ‘the market’ (in an ontological understanding) stands not only for certain constellations in the economy (such as the artificial case of ‘perfect competition’) but is also used as a synonym for the economy as a whole.

*(2) The loss of society: Economic theories that do not have a concept of society as a field distinct of that of the economy, or ‘the market’ respectively, qualify as authoritative for economization.*

This characteristic is closely connected to ‘the market’ as ontological foundation of economic theory. In contrast to economic approaches such as the Keynesian, where society is a distinct field of life that includes the economy, in economic theories based on the concept of ‘the market’ it is the other way around. ‘The market’ is understood as an all-encompassing ‘order’, as most explicitly formulated in Ordoliberalism and in Austrian approaches like Ludwig von Mises’ *market society* (Mises, 1998) or in Friedrich A. Hayek’s concept of *spontaneous* or *extended order* (1992). Other examples can be found in Friedman’s ‘order of the market’ (Brandes, 2015) or in microeconomics textbooks, where the approach of Arrow and Debreu is infused with the concept of ‘the market’. ‘Order’ in these theories encompasses a totality that cannot be distinguished in terms of economy and society. ‘Order’ includes both, it is both economy and society.

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<sup>2</sup> The term ‘neoclassical theories’ is usually defined in terms of method; they follow a formal approach that is filled in by a microeconomic model of rational choice. But not all neoclassical theories have a notion of ‘the market’ in the way mentioned here. Examples are the approaches of Paul Krugman or Joseph Stiglitz, who can be understood on the one hand as neoclassical economists and on the other hand as critics of the concept of ‘the market’. In the following, the term ‘neoclassical’ is used only for those subgroups in which ‘the market’ is also used discursively.

It is precisely this change of terms that makes the concept of ‘order’ a driver of economization: economization can be performed in many fields of society, because there is no concept of society as distinct field with its own rules and values that could set boundaries to the epistemic and institutional extension of ‘the market’ to formerly non-market fields. Hence, there is nothing *conceptually* resisting the epistemic imperialism so central to economization. To use Margaret Thatcher’s famous words: ‘There is no such thing as society’ in economic theories which use ‘the market’ as their source domain. Regarded through the lens of these economic theories everything seems to be ‘a market’ and economization seems to be nothing else than consequentially understanding and designing the world. Thereby society and social phenomena are moved to the realm of *nonknowledge*. At this point, an *aporia* inherent in economization and its supporting economic theories already becomes clear: an object is transformed of which the transformative agent is ignorant.

*(3) Economy and economists unbound: Economic theories that conceptualize the economy as a field without any boundaries and envision a methodological position of the scientist outside any contexts qualify as authoritative for economization.*

The totality of an ‘order’ in the aforementioned sense also implicates a priority of the economy over the concerns of society and politics. Therefore, these economic theories place economic over social arguments and give economists an imagined methodological position outside of society, politics, or any other worldly boundaries, as if it could be a ‘view from nowhere’ (Nagel, 1989). Decontextualizing the research object (the economy) and the theorist (the economist) from any social, ecological, and physical contexts leads to a dissolution of the boundaries of the research object and the scientist’s scope of explanation. These consequences of this methodological standpoint are commonly known as *methodological imperialism* (Becker, 1976; Fine and Milonakis, 2009). This standpoint shared by economic theories authoritative in economization, aims to explain *all* human behavior with ‘the economic approach’ (Becker, 1976). Becker applies a specific logic from economic theory to areas of phenomena that were not previously considered its object, such as crime, divorce, or death. He thus formulates the program for the epistemic aspect of economization: the economizing

gaze that perceives *all* areas of life according to ‘the economic approach’. Hence, methodological imperialism tends to substantiate and drive the epistemic imperialism of economization.

*(4) Performative attitude: Economic theories that perceive it as their task to intervene in the world based on their knowledge and legitimize this with the superiority of that knowledge qualify as authoritative for economization.*

Economization is epistemic imperialism materializing in processes of institutional re-design. It is not merely a conceptual, abstract phenomenon. Economic theories authoritative for economization exhibit a performative attitude (MacKenzie, 2006; MacKenzie et al., 2007; Callon, 2006). In their empirical study, Fourcade et al. attest economists, who refer to the uniformity and universality of ‘the economic approach’ an attitude of ‘superiority’ combined with a ‘disposition to intervene in the world’ (Fourcade et al., 2015: 107). The sense of superiority in Economics and economists is hence not only exhibited methodologically as explained above, but also reflected materially in the high degree of integration of economists as experts and consultants in public and private institutions, as well as in their high pay compared to scholars of other disciplines.

These four categories specify not only which economic theories qualify as authoritative for economization but also the concept itself. We understand economization, in a wide sense, as the epistemic and institutional re-organization of knowledge in such a way that economic production serves as the new and only source domain for legitimately interpreting and performing reality. Concepts and practices that served as source domains before are moved into the realm of ignorance or become illegitimate knowledge (*nonknowledge*). Regarding economic theories and historic processes, such as the economization of academic education, we argue, that economization can be more specifically understood as the epistemic and institutional re-organization of knowledge along the concept of ‘the market’ as its only source domain. Epistemic imperialism in this case manifests in a way that once acts of economization are performed in a particular field, everything in it appears as ‘a market’. Former source domains become illegitimate knowledge and their former interpreters turn to illegitimate sources of knowledge; in the case of academic education this would be a

humanistic image of man and philosophers and pedagogues. We argue, that due to the use of a specific concept of ‘the market’, social phenomena as such shift into the realm of ignorance and sources of knowledge formerly regarded authoritative, such as social science, turn illegitimate. Finally, economization in this specific sense, is not only characterized by an imperialistic concept as its source domain, but also an imperialistic *habitus* as its mode of agency. At the core of the performative aspect of economization, lies the *habitus* of regarding the knowledge about its source domain as superior, as being universally applicable in a positive and normative sense. Both, ‘the market’ and ‘the economist’ in this case *do not know* boundaries which could positively or normatively limit the application of their knowledge. From a conceptual standpoint, economists, who drive economization, hence, are ignorant towards other source domains for interpreting reality and means to reflect any positive or normative boundaries to their thoughts and actions.

This specific view of economization and its effect on the (re-)organization of knowledge and ignorance depends on the understanding of its dominant source domain ‘the market’. We argue that it is a certain version of this concept that has seen various interpretations throughout the history of economic thought. Therefore, in the following, we explain the concept of ‘the market’ as it has been carved out by Friedrich A. Hayek in more detail. This prominent Austrian economist is himself a prime example of an economist conceptually and performatively authoritative for economization. His version of the concept of ‘the market’ is particularly interesting because it is closely intertwined with his thoughts on knowledge and ignorance.

#### *Organizing ignorance: The normative role of ‘the market’ exemplified by Hayek*

Hayek is one of the most influential figures in 20<sup>th</sup> century Economics and public discourse (Ötsch, 2016b). He helped re-found the Chicago School of Economics in the middle of the 1940s, which gave Milton Friedman a job (Van Horn and Mirowski, 2009). He also founded the Mont Pèlerin Society (MPS) in 1947, which can be regarded as the central node of the networks that established ‘the market’ as a central figure of thought in Mainstream Economics and public discourse (Mirowski, 2013: 43ff.). Pivotal to this transformation of discourse were and still are to this day numerous think

tanks that were founded around this society (Ötsch et al., 2017; Walpen, 2004). Today, this network amounts to about 500 think tanks, with the Atlas Network, which was founded by Anthony Fisher, a devout follower of Hayek, being its center as the heir of the MPS.<sup>3</sup> Hayek at times in person, at times by the means of his publications was also a valued political advisor, who most prominently influenced the Reagan, Thatcher, and Pinochet administrations (Plehwe and Walpen, 1999).

Hayek has developed his own theory of ‘the market’ which directly addresses the issue of knowledge, because he sees ‘the market’ as a knowledge-processing entity. It is important to note that Hayek uses information and knowledge synonymously. He makes no distinction between technical information – a quantitative relation – and human knowledge, which entails a capacity for understanding – a qualitative and social relation (Brodbeck, 2001: 57). His idea of ‘competition as a discovery procedure’ is well known. The starting point are individuals with heterogeneous and disparate knowledge, which forms the basis of each person’s action. This knowledge has to be used efficiently. This is accomplished by ‘the market’, which ‘discovers’ the fragmented knowledge and transforms it into prices. Market prices are ‘signals telling people what they ought to do’ (Hayek, 1983: 240). The price system is ‘a mechanism for communicating information’, like ‘a kind of machinery for registering chance, or a system of telecommunications’ (Hayek, 1945: 526f.). Therefore ‘the market’ is re-interpreted by Hayek as ‘efficient’ in terms of information (Ötsch, 2019). This meaning was new to the then dominant variants of Neoclassical Economics and since has replaced their interpretation of ‘the market’ (Mirowski and Nik-Khah, 2017). This accounts in particular for the concept of ‘allocative efficiency’ contained in neoclassical theories in the tradition of Arrow and Debreu. Allocative efficiency means that the given output variables of the standard neoclassical model (the preferences of households, the techniques of firms, and the given stocks of resources) are transformed into optimal final variables by the market price mechanism. According to Hayek, however, ‘the market’ does not process such given data, but rather subjective information. Meanwhile, Hayek’s interpretation can also be found

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<sup>3</sup> Detailed information on market-based networks can be found at <http://thinktanknetworkresearch.net>.

in widely used textbooks (Mankiw and Taylor, 2014: 550) that speak of ‘informational efficiency’ because stock market prices reflect ‘all available information about the value of the asset’ (similarly in Varian, 2014: 622f.).

Hayek contrasts the knowledge production of ‘the market’ with that of man. He has developed a theory of the functioning of the human brain for this purpose which was published in 1952 as *Sensory Order* (Hayek, 1952a). In this theory the human mind is conceived as a predominantly unconscious system.

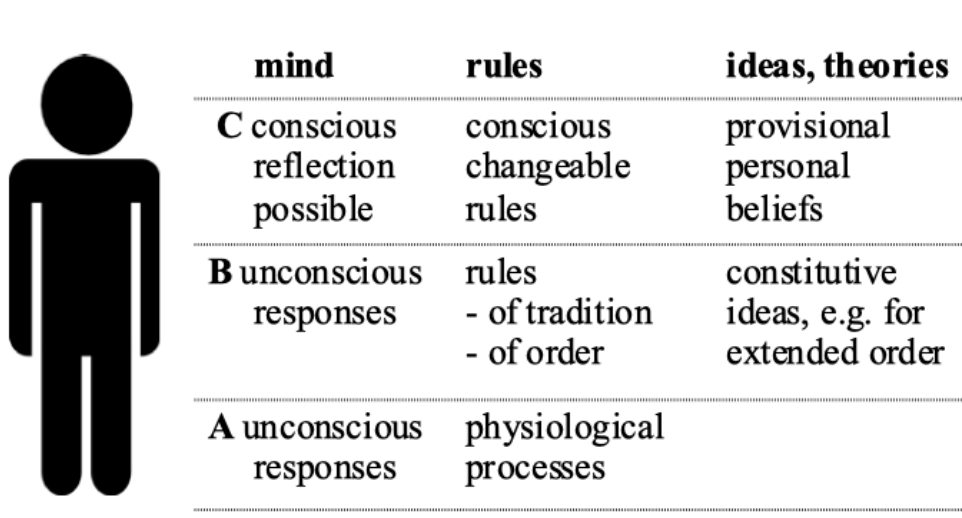


Figure 1. The Hayekian model of layers of consciousness. Own figure (Ötsch, 2020: 88).

There are three types of rules in man, which can be imagined as layers superimposed on each other (Fig. 1) (Hayek, 1998, vol.3: 159f.; cf. Slobodian, 2018: 339f.): the lowest layer A deals with purely physiological reactions, such as the automatic functioning of the senses (Hayek, 1952a: 23ff.). The second level B contains social rules that are lived on, e.g., out of tradition, and that also constitute ‘culture’ as a whole (Hayek, 1998, vol.1: 153ff.). According to Hayek, this level also contains those rules which constitute the ‘spontaneous’ or ‘extended order’ as social reality. It has solidified in such a way that it is experienced like an external nature. Its unconscious moment also manifests itself in unconscious reactions. According to Hayek, people react to rules of this kind unconsciously. Thereby behavioral patterns

emerge, which Hayek places in analogy to those patterns that form with iron filings on a paper when they are under the influence of a magnetic field (Hayek, 1998, vol.1: 39ff.). As the third and last level C, there exists a 'thin' layer of rules that people can consciously and with full intention adopt or change for their own purposes.

With this approach, Hayek defines economic behavior to a large extent as an unconscious reaction to a given system of rules. According to him, people react to the signals of 'the market' without really being aware of their reaction. The third column in figure 1 symbolizes the domain of the social and economic sciences. Hayek sees the latter as a special case of the former. Their insights are divided by Hayek in two ways: into 'constitutive ideas' and secondly into 'provisional theories' or 'popular constructions' that develop on the basis of the 'constitutive ideas' (Hayek, 1952b: 36ff.). The former also explain the rules that constitute the 'extended order'. The second group, according to Hayek, consists of subordinate ideas that the 'popular mind' (*ibid.*: 37) formulates about social systems. These include, according to Hayek, concepts such as 'society', 'economic system', 'capitalism', or 'imperialism'. According to Hayek, these 'pseudo-entities' (*ibid.*: 38) must not be taken for 'facts' for epistemological reasons, because they are purely 'subjective' in nature. According to Hayek, the unconsciously acting person is an ignorant person. She is situated in an order in which she acts automatically and unconsciously according to rules of which she herself is largely unaware. 'Each is therefore ignorant of most of the facts on which the working of society rests' (Hayek, 1998, vol.1: 14): 'This is the constitutional limitation of man's knowledge and interests, the fact that he *cannot know* more than a tiny part of the whole of society' (Hayek, 1958: 14, italics in the original).

Hayek confronts this idea of man with his concept of 'the market'. Hayek now takes a decisive conceptual step: he personifies 'the market', attributes anthropomorphic characteristics to it and conceives the knowledge which is distributed by 'the market' as a separate entity associated uniquely to 'the market'. In this interpretation, Hayek can finally discuss the performance of 'the market' in terms of consciousness: 'the market' functions as 'a supra-conscious mechanism which operates upon the contents of consciousness, but which cannot itself be conscious' (Hayek, 1967: 61). 'The market' thus

lies outside the consciousness of people, in a twofold sense: simultaneously 'above' and 'below' their thresholds of consciousness. Hayek hence sketches a diametrical picture: on the one side is the ignorant, predominantly unconscious market participant; on the other is the superconscious market, ignorance being associated with fragmented and superficial knowledge, being knowledgeable with the knowledge of rules, the capacity to conceive totality and to coordinate knowledge accordingly. For Hayek, the problem of human ignorance finds its solution in 'the market'. Its rules 'are a device for coping with our constitutional ignorance' (Hayek, 1998, vol.2: 8), which Hayek perceives as a virtue rather than a vice (Hayek, 1990: 71). Market participants can and must rely on 'the market' as knowledgeable authority for it 'knows' in a literal sense much better than any of them what is good for them and for society. It 'thinks' something that man cannot think at all (Mirowski and Nik-Khah, 2017: 70).

Hayek's market concept unfolds the totality of 'the market' in a final consequence that takes epistemic imperialism to the extreme. If 'the market' includes the economy and society and is positioned 'above' politics, then the knowledge of society is devalued, and politics is supposed to follow 'the market' (see also characteristic 2 as mentioned above). According to a perspective based on this concept of 'the market', society should not and must not place its knowledge above the knowledge of 'the market'. Hayek goes one step further. In the light of 'the market' and its knowledge, all other knowledge must be dismissed as secondary. This is especially true of scientific knowledge. It has to be limited to 'the market' in its reflection on the economic system. Any critical reflection on the market system and its functional defects is condemned by Hayek as an 'abuse of reason' (Hayek, 1952b). Other narratives, such as alternative social designs or economies, such as the post-growth economy or care economy, which do not rely on 'the market' in this form as a basis, are delegitimized and become *nonknowledge*. Furthermore, Hayek (1992: 60ff.) speaks critically of 'the declarations of faith of modern science and philosophy of science' and sweepingly condemns such reflexive sciences as 'a recipe for producing the presumptive rationalism that I call scientism and constructivism' (*ibid.*). He specifically rejects sociology, 'and even worse [...] the so-called "sociology of knowledge"' (*ibid.*) and delegitimizes these approaches of self-examination



in science, a characteristic observable in economic theories contributive to economization as mentioned above.

Concludingly, it can be asserted that the concept of ‘the market’ as exemplified by Hayek has vast implications for the epistemic and institutional organization of knowledge and ignorance in society. Understood as a supra-conscious knowledgeable authority, ‘the market’ serves as *ultima ratio* when judging the legitimacy of knowledge and expertise. Since ‘the market’ in this interpretation *knows no* boundaries, it is prone to be the foundation of epistemically and institutionally imperialistic practices such as economization. As it produces a vast range of new knowledge, for example as of how to re-design a university as if it would be a business, it simultaneously generates a complementary new range of ignorance and *nonknowledge* concerning the fields subject to economization.

### **The knowledge lost in economization**

What knowledge is lost then? In short, in processes of economization all non-economic, more specifically all non-market knowledge is in danger to be lost to the dominion of ignorance and illegitimacy. While a detailed account of the diversity of that knowledge and an inquiry into how these bodies of knowledge are perhaps preserved despite the effects of economization would be most fruitful but overextend the scope of this paper, we would like to concentrate on a systematic aspect.

In our perspective, the classification of self-reflexive knowledge about the assumptions, the contexts, and the performativity of knowledge and those who (re)produce it as *nonknowledge* in economization and the economic theories that underpin it, is most significant. This is because all possible ethical, epistemic, ecological, socio-political boundaries to economization and its intellectual and institutional means to understand them are thus subject to ignorance and considered illegitimate. It illustrates the above-mentioned quality of knowledge and ignorance that they are complementary to each other: the *boundlessness* of ‘the market’ and the knowledge (production) associated with it is complemented by the ignorance of its (possible) epistemic, ethical, or real-world *boundaries*.

That it is this kind of knowledge that is lost or in danger of being lost in processes of economization, is what we regard as highly relevant for societies in crisis. They are dependent on an adequate understanding of the existence, causes, and remedies for overcoming crises. When crises signal a failure in the existing epistemic and institutional organization of knowledge, it is imperative to be able to reflect on the existing order and perhaps design a new one. But without this knowledge, societies in the contexts of economization are in danger to perceive phenomena not as the crises that they are.

One example of this is the reaction of most economists to the financial crisis in 2007/2008. This series of events *could* not be interpreted by them as a systemic crisis of capitalism due to the disciplinary organization of knowledge and the implications of 'strategic ignorance' employed by economists and financial analysts (Davies and McGoey, 2012). Without access to knowledge on the socio-political contexts of financial markets, on the psychology of financial agents' behavior, on the history of financial crises and their impact on other sectors and finally on the performativity of their own models and interventions in public discourse (MacKenzie, 2006), many economists were ignorant to many central aspects of these events. That led German-speaking economists for instance to address the crisis in the media mainly as an 'earthquake' or a 'tsunami', in other words, as a natural event external to 'the market' that cannot be explained by economic theory (Hirte, 2013).

The current critical state of the ecological boundaries to economic production represents yet another example of the ignorance implicated by processes of economization. The root cause for this is, as explained above, the fact that 'the market' as a core concept of economization is an 'order' without inherent limits, encompassing everything formerly distinct, such as nature or society. Conceptually it is impossible to perceive or value nature for itself as something substantially different to economic production (Fourcade, 2011; Polotzek and Spangenberg, 2019). This has implications for the understanding of the climate crisis and environmental governance for example. In contexts structured by economization, both can only be understood along the topography of legitimate, 'market-based' knowledge. Today, many of the instruments and policies to mitigate the climate crisis

employed by industrialized countries for example, can be qualified as economized in this sense (Newell, 2008; Nagorny, 2014; Skovgaard, 2021).

‘Non-market’ approaches to understand, explain and solve the climate crisis, such as ecological and feminist economics or degrowth economies, are either actively or passively silenced, because in contexts of economization they represent illegitimate knowledge, or *nonknowledge* (Thomas, 2017). Active silencing does in some cases lead to climate skepticism with recourse to economic theories based on ‘the market’. Institutions such as the MPS and Atlas, attack the legitimacy of research(ers) not conforming with ‘the market’ narrative by producing misleading ‘scientific’ evidence and often interestingly at the same time taking an anti-scientific stance (Harkinson, 2009; Oreskes and Conway, 2008; Björnberg et al., 2017). This form of silencing is a particularly stark example of ‘epistemic violence’ (Brunner, 2020, our translation), because of the inequality of power in the discursive struggle over the legitimacy of knowledge. Finally, the ecological boundaries of economic production are also omitted in economic education. In the major economic textbooks ecological issues are still neglected or discussed only in the market paradigm. Mankiw and Taylor (2014: 451ff.) directly rebuke the environmentalists for disregarding their ten principles of economics, which delineate the contours of a market-based order. Another example is to be found in Varian, (2014: 451ff.) in the discussion of the optimal production of emissions.

## Conclusion

This paper argues that economization can be understood as the epistemic and institutional (re-)organization of knowledge along the concept of ‘the market’ as exemplified by Hayek. Knowledge and knowledge production, for example in Economics, that is based on this concept is considered legitimate. All ‘non-market’ knowledge becomes *nonknowledge* and its producers are deemed illegitimate sources of knowledge. Equally, all self-reflexive knowledge about the epistemic, ethical, and real-world boundaries of ‘the market’ and ‘market’ knowledge is shifted to the dominion of ignorance. The (proclaimed) boundless knowledge of a boundless entity and its complementary ignorance of its boundaries are the two core pillars of the

organization of knowledge and ignorance in economization. They are the key drivers for its epistemically and institutionally imperialistic performativity. Regarding societies, who are structured by processes of economization and whose organization of knowledge and ignorance is disrupted by crises, one implication of this organization is a potential difficulty to think outside the box of 'market' knowledge. They deprive themselves of the ability of developing new narratives, forms of knowledge, and practices that can help perceive crises as such, reflect on its own responsibilities, and ultimately overcome these crises.

But how can the organization of knowledge and ignorance in economized environments be transformed, e.g. to meet such a crisis? We suggest the *re-contextualization* of economic knowledge (production) as a first measure to epistemically and institutionally re-organize it: 1) introduce self-reflexive knowledge that contextualizes the existing knowledge (production) philosophically, ethically, empirically, and historically in a way that confronts it with its boundaries; 2) allow the economist and the Economics student to consciously contextualize themselves, their knowledge production and their impact in their lifeworld; 3) allow for (educational) institutions with different source domains, may that be 'the market', a pedagogical ideal or society's desire to cope with current crises. These three first steps do not shift the existing paradigm into the realm of ignorance but contextualize and diversify it by using the knowledge it deemed as *nonknowledge*.

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