



Market $\not\subset$ Economy

Towards a General Theory of the Market

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Common places on the common place

Market is economy

„central economic phenomenon“ (Zafirovski; cf. Beckert 2007, 2009)

- ‘Marketization is economization’ (Pohlmann).

The imperative of the social embeddedness

a) normative:

- economic colonialism

- market fundamentalism (Soros)

- „boundless market“ (Zelizer),

- market liberalism & corresponding Great Transformation as „historical accident of the early modern period“ (Polanyi). Why? Because: „*This institutional gadget, which became the dominant force in the economy – now justly described as a market economy – then gave rise to yet another, even more extreme development, namely as a whole society embedded in the mechanism of its own economy – a market society*“ (Polanyi und Pearson 1977: 9).

- “We are all Polanyians now“ (Beckert 2007b: 7) .

b) descriptive: next slide ...



Common places on the common place

The imperative for social embeddedness

- descriptive: market concepts in economic sociology. Market/s as ...

1. Social structures: „Märkte als soziale Strukturen“ (Beckert, Diaz-Bone und Ganssmann 2007)
2. Part of the political, moral and cultural structures of societies: „Teil der politischen, moralischen und kulturellen Ordnung von Gesellschaften“ (Beckert 2007: 61)
3. „Markets, and the economy itself, are and always have been political constructs, engineered and supported by political decision-makers (though markets also exert influence over these)“ (Arnoldi 2007: 91)
4. Market power (White 1981)
5. Economic power (Swedberg 1987)
6. Markets as Politics‘ (Fligstein 1996)
7. Laws of the Markets (Callon 1998)
8. Markets as Systems of Social Contracts (Choudhury 1996)

Nonetheless, it shall be: „non-economic markets are metaphors and analogies rather than substantive concepts“ (Zafirovski 2001)



Contradiction between norm and description

$$M \subset W \wedge M \cap W' \neq \emptyset$$

- What kind of market concept can deal with this contradiction?
- Imperative for a general (trans-economic) concept of the market



Lines of argumentation

1. A form of mathematics: Set theory
2. *Another story: archeology, history, ethnology.*
3. *A counter-concept*
4. A short-cut



Operators of Set Theory (\rightarrow ASfPG 2009)

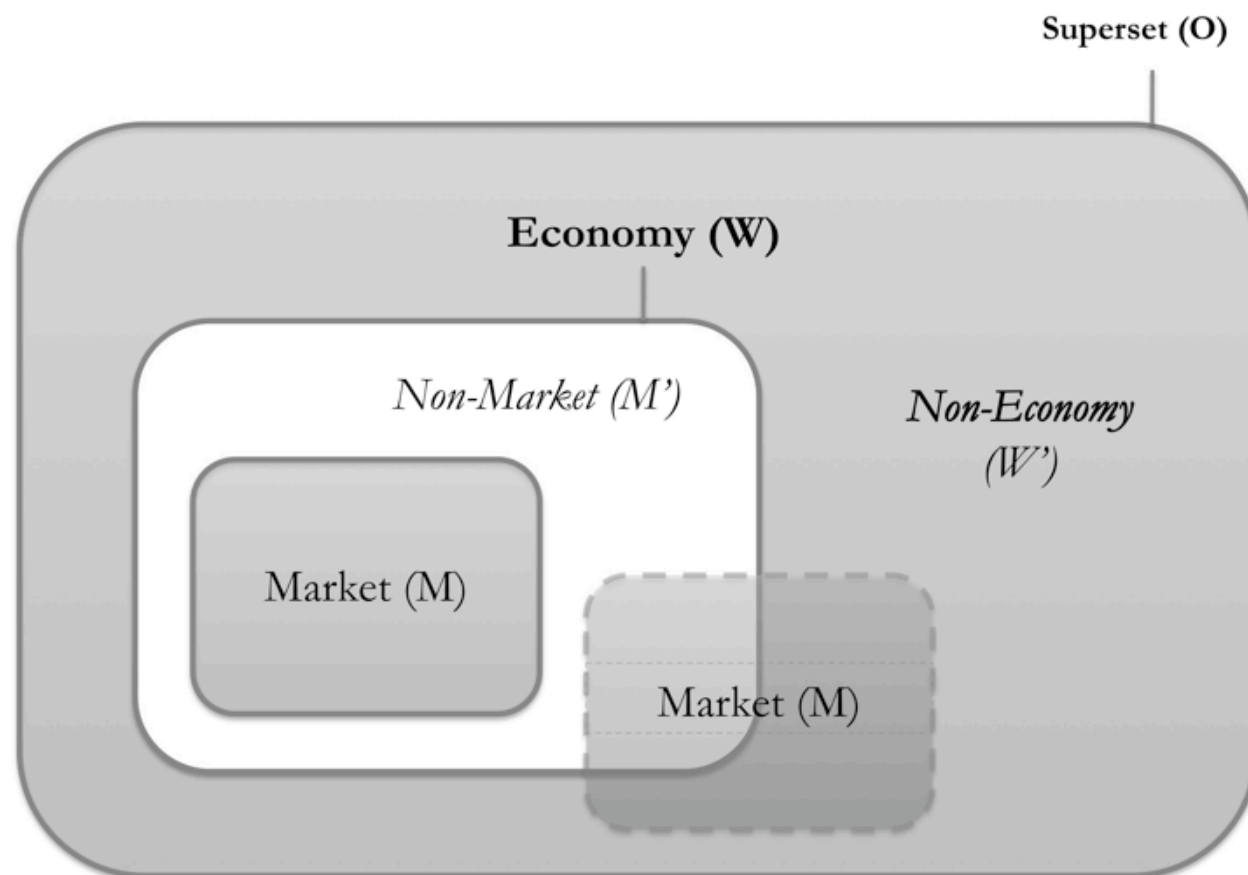
- \subset Is subset of
- $\not\subset$ Is not subset of
- \cap Is intersection of
- \wedge And
- \setminus Without, minus
- $'$ Is the complement/complementary set of

The market
as subset of
the
economy?

$$M \subset W$$

$$\rightarrow$$

$$M \neq \cap W'$$



The market as subset of economy?



‘Are we really all Polanyians now?’

„This institutional gadget, which became the dominant force in the economy – now justly described as a market economy – then gave rise to yet another, even more extreme development, namely as a whole society embedded in the mechanism of its own economy – a market society“. (Polanyi und Pearson 1977: 9).

In other words: The market (M) is a subset of the economy (W) and its superset Society (G) („the mechanism of its own economy“), i.e. $M \subset W \subset G$.

But, at the same time we read: $G \subset M \subset W$ („a whole society embedded in the mechanism of its own economy“, ebd.).

In addition, Polanyi claims that market and economy are (almost) synonyms, i.e. it follows $M \subset G \wedge G \subset M$ bzw. $W \subset G \wedge G \subset W$: „instead of the economy being embedded in social relations, social relations are embedded in the economy“ (Polanyi 1978: 57) $\rightarrow M \not\subset G$ (while $M \subset G$ were imperative), instead: $G \subset W$...



Propositional logics of economic sociology

1. $M \cap P, R, S = M \cap W' = M \not\subset W$, but at the same time: $M \subset W$?
2. $M \subset W \wedge M \subset G = W \subset G (W \cap G)$
3. If $M \subset W \subset G$, then
 - a) Embeddedness as: $(M \subset W) \cap W'$
 - b) Embeddedness as: $M \cap W \wedge M \cap W'$

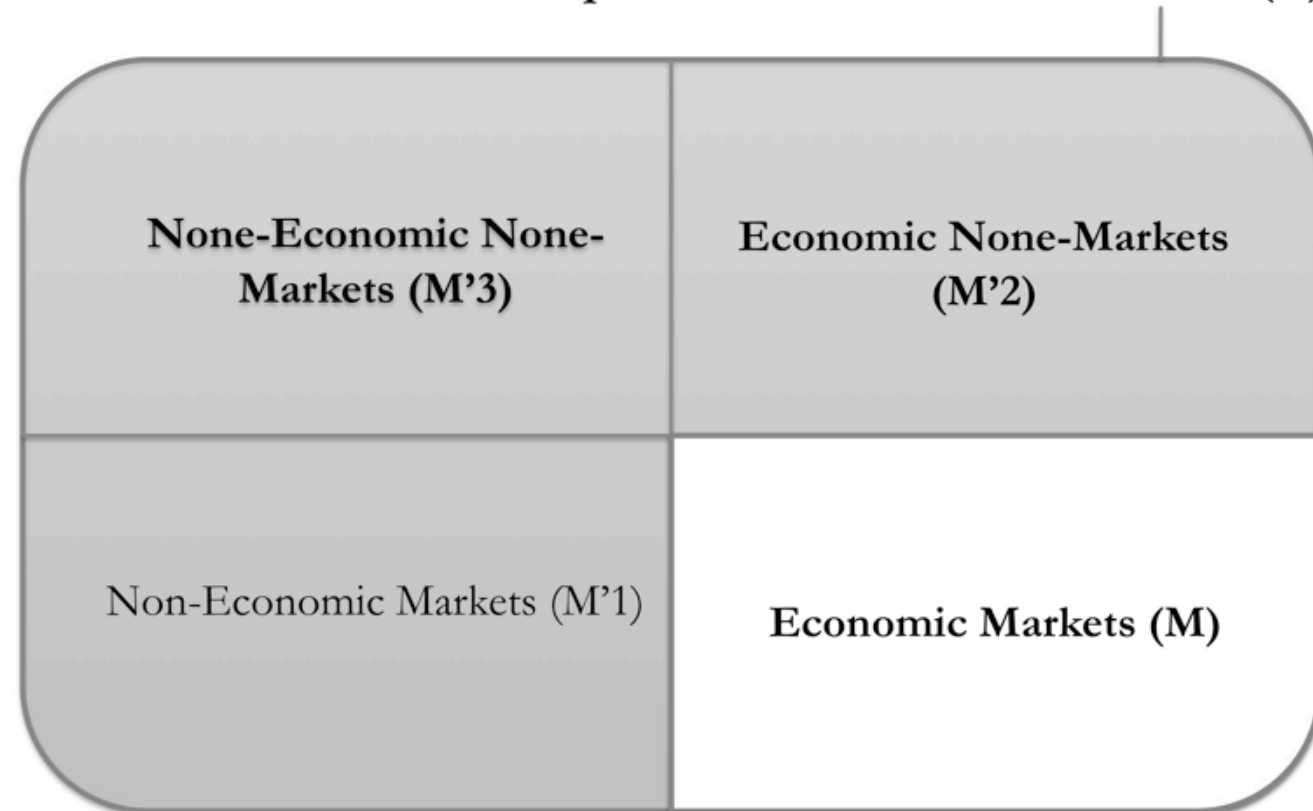
$\rightarrow M \cap W \wedge M \cap W' = M \not\subset W$ (q.e.d)



The superset of the economic market? (X)

**Two Distinctions
in One:**

*The problem of the
superset and the
complementary set of the
economic market*





The short-cut: Markets are older than functional differentiation

„A certain Chinese encyclopedia“

(Michel Foucault, The order of things, with reference to Jorge Louis Borges)

According to which animals can be divided into: '(a) belonging to the Emperor, (b) embalmed, (c) tame, (d) sucking pigs, (e) sirens, (f) fabulous, (g) stray dogs, (h) included in the present classification, (i) frenzied, (j) innumerable, (k) drawn with a very fine camelhair brush, (l) et cetera, (m) having just broken the water pitcher, (n) that from a long way off look like flies'.

Regarding eras and areas, in which functional differentiation did not play a major or any role at all, we need a market concept on which functional differentiation (as well as further forms of differentiation) can be applied to, i.e. which does not already imply its more or less explicit application: 'Only German markets are markets'.

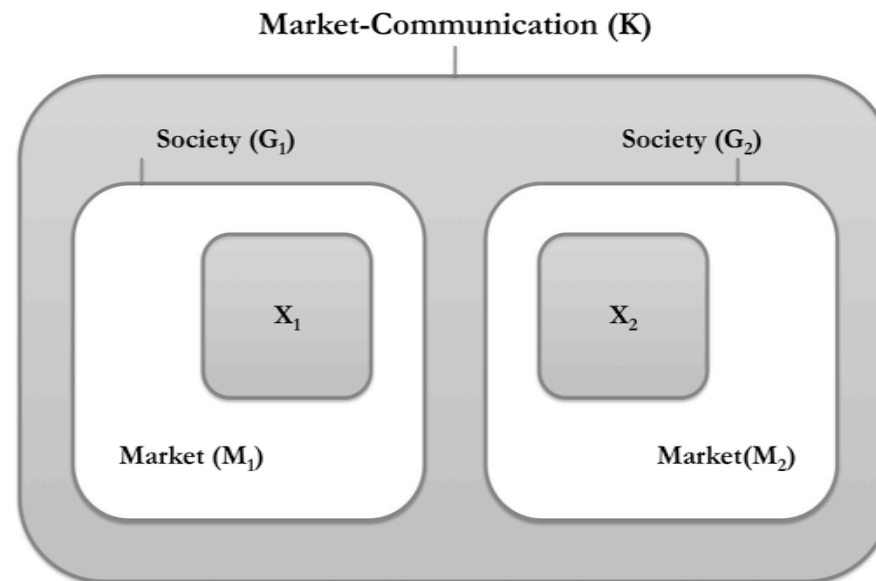


General Market Sociology

Which problem does the market solve? Communication of societies ...

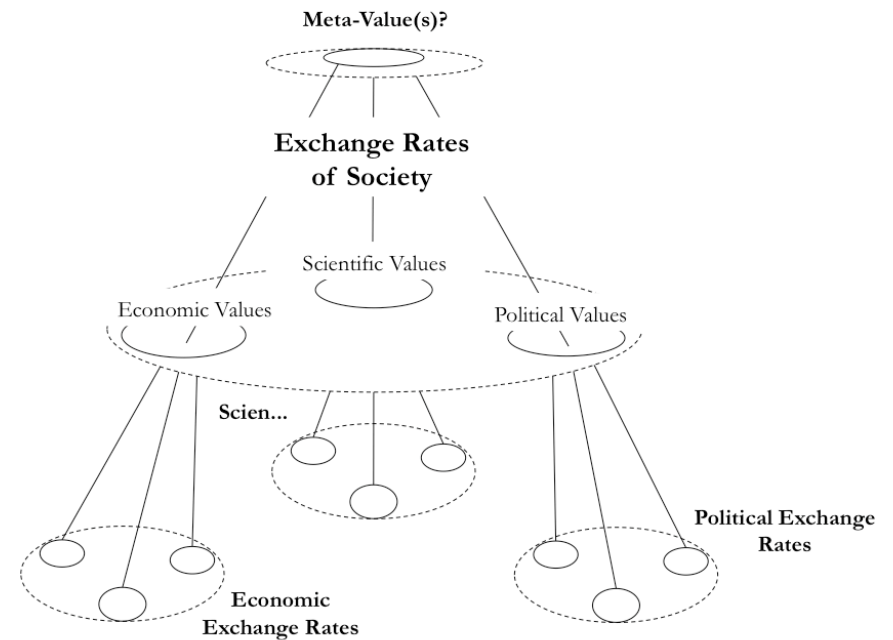
Silent trade (Grierson), Neutrality (Simmel), Virtual Neutrality (Mauss, beyond the gates, inner environment)

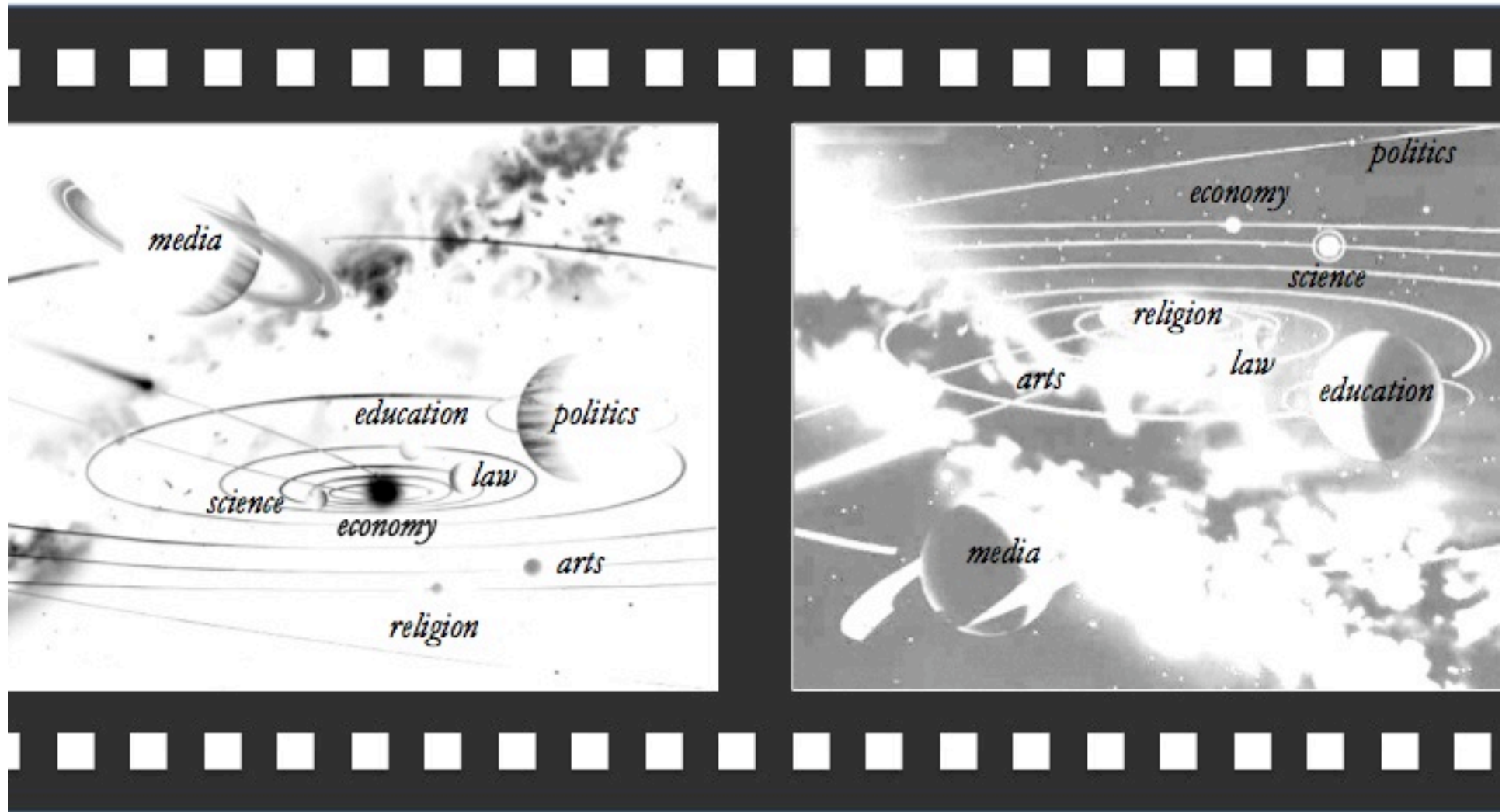
Organizations as the only communicable social systems (Luhmann 1997, 834)





Schadenspunkte	Kapitalentschädigung	monatliche Rente
1-4,99	2.500,- DM	–
5-9,99	5.000,- DM	–
10-14,99	7.500,- DM	100,- DM
15-19,99	7.500,- DM	150,- DM
20-24,99	15.000,- DM	200,- DM
25-29,99	15.000,- DM	250,- DM
30-34,99	12.500,- DM	300,- DM
35-39,99	12.500,- DM	350,- DM
40-44,99	15.000,- DM	400,- DM
45-49,99	15.000,- DM	450,- DM
50-59,99	17.500,- DM	450,- DM
60-69,99	20.000,- DM	450,- DM
70-79,99	22.500,- DM	450,- DM
80-...	25.000,- DM	450,- DM







Continuing work

- a) Recreation: Pictures of ancient and distant markets
- b) Relation: Set theory meets form theory
- c) Evolution: How did the become the 'economic market'?



*Thanks for your attention, your questions and
your support ... !*