9
Diverse Markets and Public Action

This chapter has two aims, first to consolidate the general framework which has developed in the course of this study, then second, to outline some of the arenas for public action which are opened up by a recognition of substantive market diversity.

There are five sections in this chapter. In Section 9.1 I briefly review some aspects of social science thinking about markets. Then, in Section 9.2 I identify some of the omissions in current thinking and the openings they suggest for future research. In Sections 9.3 and 9.4 I summarize the progress I have made in thinking about the contexts of markets, and the practices of exchange, respectively. Then, Section 9.5, the final section, I reflect on some of the ways in which these insights may inform government and other forms of collective action.

9.1 Markets and social science

Although ‘market society’ was until recently preferred to ‘capitalism’ as a generic description for contemporary industrial societies, the empirical realities of markets are rarely investigated, and even the definition of a market may be overlooked. Lie (1997, 342) notes: ‘the market receives virtually no extended discussion in most works of economic theory or history…The market, it turns out, is the hollow core at the heart of economics.’ Harriss-White (1996b, 20) notes that ‘a trawl of classic American and European texts yields no [answer to the question] what is a market?’ Dilley (1992) provides two telling comments along similar lines: ‘What is a market? Is it a place, is it a process, a principle, a power? History though yields no definitive answers to the questions’ (Agnew, 1986, 17), and ‘what is usually referred to as “the market” is no more
than a blank space occupied by a diversity of changing social relations' (Tribe, 1981, 94).
It is not entirely true that orthodox economics has no definition of a market. The founding thinkers of the neoclassical economics tradition defined markets in a particular way, but that definition has become so integral to this tradition of thought that it is no longer even mentioned in textbooks. Thus, Alfred Marshall, in one of the founding texts of the economic orthodoxy, adopts Cournot’s description of what constitutes a market: ‘the whole of any region in which buyers and sellers are in such free intercourse with one another that the prices of the same goods tend to equality easily and quickly’ (Marshall, 1930, book 5, chapter 1).

This definition of a market is a problematic and limited one. The idea that markets exist only where equilibria form quickly and easily is teleological; it defines a market by the outcome of the market process. There is, thus, no operational definition that would enable a market to be identified and the assertion of equilibration tested.

If the domain of economics were limited to the Cournot/Marshall definition then it would focus on only a small part of human experience. Lie (1997, 354) quotes the view of an established economist, James Tobin (1980, 46), that one exchange central to the modern economy does not equilibrate: ‘the view that the market system possesses strong self-adjusting mechanisms that assure the stability of its full employment equilibrium is supported neither by theory nor by capitalism’s long history of economic fluctuations.’ Dilley (1992, 9) also notes that ‘the search for examples of real markets which conform to the model’ turns up examples which tend to ‘vanish under scrutiny.’

In practice, economics has expanded its domain way beyond those markets in which prices find an equilibrium quickly and easily. Abstract models of markets have been applied to all aspects of social relationships, leading even supporters to charge economics with academic imperialism (Economist, 1998). This expansion of the economists’ abstract model of a market beyond what Marshall and Cournot contemplated, to incorporate many forms of social practice, has a certain irony because orthodox economics has tended to overlook the empirical realities of modes of buying and selling (Mackintosh, 1990, 47). Adam Smith was curious about the institutional details of real markets and the traders who worked in them. Since the rise of neoclassical ideas at the end of the last century, orthodox economics has largely lost its curiosity about real markets.