# Airy or sticky? A Socio-historical Study of the Emergence of Global Markets

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## 1. Introduction

Given the widespread use of the term it is surprising how little attention has been given in the literature to the workings of ‚global' markets. Whereas economists largely assume that global markets function along the same mechanisms as other markets, economic sociologists often tend to reduce them to a taken-for-granted environmental constraint or to refer to them as a caricature of neoclassical spot-markets. In both streams of thought, 'global markets' are mainly treated as a pre-given disemboddied source of global trends. Even the seminal work of Neil Fligstein (2001) on the architecture of markets does not give much attention to the empirical investigation or theorizing of how global markets emerged historically as geographically located and socially constructed phenomenon long before the nation state came into existence.

The starting point of this paper is that both streams of thought tend to ignore the spatial and social structures of world markets. As a consequence, national and global markets are often perceived as completely distinct, and opposed, entities. Whereas national markets are believed to have a clear geographical location delineated by the political borders of the nation state, global markets are perceived as dislocated and lacking particular spatial features. Whereas many national markets are considered to develop relatively stable exchange patterns through repeated interactions of groups of economic actors within a pre-existing framework of institutionalised rules, the workings of global markets are perceived to follow predominantly the logic of neo-classical spot markets with anonymous actors meeting for short-term dyadic exchanges that are connected to each other through nothing but the price mechanism regulating demand and supply. In national markets, the state is assumed to play a key role in providing basic market institutions. In contrast, global markets are considered to be out of the reach of nation states, governed solely by the interests of large multinational enterprises and transnational alliances with the latter even undermining the sovereignty of nation states in their domestic economies.

In this paper, a market will be understood as an arena in which competition for opportunities of exchange exists between a plurality of potential parties and ends up with exchange for a few actors (Weber [1922]). Capitalist markets are institutions which co-ordinate ex post the strategies of multiple competing parties through price formation, and therefore presume the existence of money. For a capitalist market to function it needs at least a monetary system to support transactions, a legal or quasi-legal environment which prescribes the rules of the game and agencies and mechanisms which enforce these rules (Boyer 1996, 1997; Fligstein and Mara-Drita 1996; Teubner 1997). Markets are socially and politically constructed by the struggles and contestation between various economic actors, and this process may lead to the emergence of not only formalised rules but also informal norms of market behaviour. This definition does not specify how the arena for trade or the price mechanisms themselves operate nor does it suggest what kind of social relations will come to exist among the various economic actors involved in the market. It thus allows for a multiplicity of market regimes with different geographical extent and scope and a continuum of more spontaneous and airy or socially sticky markets to exist.

The terms global and world markets will be used interchangeably in this paper even though Braudel's ([1979] 1992) more spatially-oriented term 'world markets' is preferred. World markets are characterised by three features: Firstly, they involve increasingly regularised relationships of competition for exchange opportunities between most or all continents. Competition for exchange can be concentrated in one or a few centres or it can be geographically dispersed (spatiality). Secondly, in order to exist as a relatively enduring phenomenon, world markets need to have a certain amount of social cohesion in the sense that the most important economic actors are involved in repeated mutual observation and interaction (social structure). Finally, they need institutionalised norms and rules relating to property rights, governance and exchange (institutions). Markets for specific products and services will develop a social structure and an institutional framework, but world markets as a more generalised phenomenon require the emergence of institutionalised rule systems which provide a certain degree of common rule setting across individual product and industry markets.

Building on the work of historians and social geographers, the paper argues that global markets should be analysed as socially and politically constructed and institutionalised structures originating from specific historical and geopolitical power struggles rather than abstract, disembedded neo-classical spot-markets. From such a constructionist position it is no longer possible to maintain the artificial separation between national and global markets. National and world markets need to be considered as geographically overlapping and logically interacting through the interests, motivations and behaviour of currently involved market actors and the institutionalised rules and standards which have historically emerged from previous struggles over control in these markets. World markets, it is argues, have a spatial and social structure, even though it may be different from what we are used to think of in the context of national markets.

The paper will be organized as follows: The first section sets out the conceptual framework and provides working definitions based on a brief review of economic and sociological approaches towards the study of markets. Section 2 provides examples for the existence of different types of world markets in history thereby refuting the argument that world markets are a new phenomenon of the Post World War II era. In particular, city-centred world markets in medieval Europe and world markets during the Gold Standard era will be analysed in more detail. Section 3 identifies characteristics which distinguish contemporary world markets from historical predecessors. Finally, an attempt will be made in the last section to draw together the empirical evidence into a more systematic consideration of the evolution of world markets as transnational governance mechanisms.

**References**

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