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# Social and Cultural Dimensions of Market Expansion

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1. Market Expansion - Introducing a Sociological Perspective

The expansion of trade and markets has produced profound changes in the social conditions and culture of societies around the globe. A short visit to a department store in Singapore, Shanghai or Caracas will convince us of the existence of a global market economy. We can muster and buy shirts made in Indonesia but with a label designed in New York or Frankfurt, canned tomatoes grown in Bulgaria, custom jewellery from the Philippines, electronic gadgets from Japan or Taiwan, brown bread from Germany, French cheese and Singaporean tofu, shark fins from Brazil and marmalade from England. Not all, but some of these goods are also sold in small towns or even by petty traders up-river in Laos or Borneo.

While all these places have had contacts with the world market for centuries through small scale long distance trade, the recent, much more complete integration into the modern world system adds new dimensions to the economic, social and cultural life of the societies concerned. Already one or two centuries ago the transition from predominantly non-market to market societies has lead to a "great transformation" (Polanyi 1957). Today we appear to have reached a new stage in this development, both in a quantitative and a qualitative sense: The scale and depth of market expansion has been enlarged and knowledge has been discovered as a new factor of production and market expansion (Evers 2005). A "Third Wave" of development has set in. Modernisation has reached a new level called "post-modernity", characterised by a multitude of life-worlds, heterogenic life-styles of high and fluid diversity, a loss of the legitimacy of meta-stories and a lack of identity.

The continuing process of market expansion and of the integration of the world market is not only self-driven, e.g. based on modern methods of communication, but also strengthened by deliberate policies of governments and international agencies. An ever closer economic integration is promulgated in free trade zones, like the EU and NAFTA and in growth triangles like SIJORI (Singapore-Johore-Riau Growth Triangle) and related ventures. Structural adjustment programmes introduced by World Bank and IMF experts continue to foster market expansion through deregulation and the reduction of the role of the state in the economy. "The essence of this approach is that resource allocation and economic outcomes should be left to `the market´, that macro-economic policy should be geared primarily to monetary stability and that the government should concentrate on the preservation of a legal framework in which ´business´ can be done" (Standing 1991: 5). This programmatic reliance on "the market" also includes labour flexibility, i.e. the removal of protective government regulations to allow for greater labour mobility between sectors and regions, and eventually "market clearance" through, in a supply driven labour market, and at least temporary reduction of labour cost. In the end most of the socialist command economies have crumbled and embarked on a path towards free market economies. Capitalism and market expansion reign supreme, or so it seems, throughout the former first, second and third worlds.

The economic dimension of this world wide process is reasonably well researched, but what about the social and cultural consequences? Attempts at addressing related questions have only recently surfaced (again) in the forms of new schools of thought - usually adorned by the affix "new" or "post". There is a new political economy, new institutional economics, new economic sociology (Beamish 2007), deconstructionist anthropology and at last post-modernist theory. However, a unifying and systematic view on the social and cultural sides of markets, especially of market expansion, is still lacking. While economic sociology has supplemented the dominant market theories of economics by developing a much more social interpretation of

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1 We express our thanks to Fabian Scholtes, who has added many useful comments to this paper.
money and markets (Zelizer 2007: 1056), markets generally remain “currently undertheorized” (Beamish 2007: 993). Even in neoclassical economics, for which markets are a central institution, they have led only “a shadowy existence” (Knorr-Cetina 2006: 551).

In this paper, we offer a sociological perspective to enhance our understanding of markets and market expansion, focusing especially on the social and cultural aspects of markets, and the consequences from their continuing expansion. We do so drawing on preliminary findings of the aforementioned schools of thought and adding some ideas of our own, based on field research and observations in Southeast Asia. Our intention is to provide some order to a very complex debate and an even more complex social reality. Hereto, we shall first reflect on the actual historical genesis of markets as forms and places of economic interaction. Also, we shall shed some light on the different meanings of markets and “the market”. Then, we develop a tableau of dimensions to be used as a heuristic device for differentiating main aspects of market expansion and its consequences as we can observe them today. For this, we enumerate some dimensions of market expansion itself, to be followed by a discussion of salient dimensions of social and cultural processes connected to market expansion.

2. Where Do Markets Come From?

Since Karl Polanyi has challenged the view of classical economics that free trade and free competitive markets are consonant with human nature, a fair number of field studies on the emergence and social structure of markets have been carried out. These studies have enriched our understanding of market places and market systems but have done little to challenge the assumptions of neo-classical market models. More recently the interest in markets has been revived and social scientists of the “new economic sociology” school have started to develop alternative market theories (Swedberg 1990, 1991). We shall review only some recent studies that appear to be of interest for our topic.

Theories on the early development of a market system usually stress local conditions like population growth, the invention of new technologies, and topographic diversity or else external stimulation like urban food needs, demand for luxury goods of an elite and in consequence long distance trade. We will, however, briefly discuss two more precise hypotheses that connect market expansion with the development of political and social systems.

A first hypothesis on the origin of markets relates to cross-local trade opportunities. Research on the evolution of early trade and markets has generally assumed that the population of two areas with the same resources and production need not engage in trade. Consequently no markets evolved. The underdevelopment of markets had political consequences as there was no pressure to develop centralised political institutions to protect and regulate trade. However, this view is contradicted in a study of Blanton who found that in ancient Oaxaca and elsewhere in other early Latin American civilisations the cities were provisioned by subsistence production or redistribution without markets. The city had few, if any commercial functions. “As it was first developed, the market system may have been in large part a rural institution, providing certain household items to an emerging peasantry” (Blanton 1983: 56). From this he draws the following conclusions:

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2 Such institutions are said to evolve under the pressure to move goods between groups occupying contrasting environmental settings.
1. The origin of market systems can be understood primarily as a consequence of the changing rhythm of work-time during the emergence of a peasantry. Markets are originally a labour-saving device for primary producers.

2. A common product of the political process in early states is the evolution of a more elaborate market system. In this case markets function as a resource mobilisation for rulers.

3. In the long-term evolution of civilisation, the degree of state control diminishes, in large part due to the growth of increasingly strong market systems.

Research on other ancient civilisations may yield different results, but the findings of the Oaxaca study can suitably be applied to study market expansion in current societies. Changing work allocation patterns in agricultural production can be one major stimulus of market expansion; larger national markets, on the other hand, expand or are expanded in line with resource mobilisation of the state. Expanding markets increase tax revenues, contracting markets diminish the budget. Note, however, that by deregulating and expanding markets the state bureaucracy also erodes its own power base, as business groups become more powerful.

This dilemma of the state can only be solved by a clear-cut functional differentiation between policy makers and civil servants, i.e. between law making, policy formulating and policy executing bodies. Difficulties in introducing a market economy or in accepting structural adjustment measures to expand the market economy are often connected to the lack of such functional differentiation. Though there are frequent attempts to undermine it, functional differentiation as a condition for controlled market expansion has been achieved in industrialised market economies to a considerable extent.

A second hypothesis on the origin of markets relates to their social construction. Whereas for a long time the existence of markets in industrialised societies has been taken for granted, more recent research has called this assumption into question. These studies on market expansion in industrialised market economies have concentrated on the behaviour of decision makers of firms or business conglomerates. The functioning of markets is explained exclusively in sociological terms (Swedberg 1986: 109). It is observed that businessmen act as if the market had a stable structure and consequently it gets one. Hence, markets are constructed and defined by interlocking perceptions and decisions of actors (Swedberg 1986:105). They "are self-reproducing social structures among specific cliques of firms and other actors who evolve roles from observations of each other's behaviour." (White 1981: 518). The structure of markets is thus not simply defined by prices, demand and supply curves, but constitutes itself a "system of governance", an intermediate network linking firms or economic agents in a hierarchic organisation (Teubal/Yinnon/Zuscovitch 1991: 381). If we add to this the results of recent research on networking, trust and clans, the earlier clear-cut distinction between "markets and hierarchies", between government regulation and 'freedom' of the market withers away.

Another study raising doubts about the neo-classical model of perfect competition is that of A. Etzioni (1985). Instead of looking for second best solutions within economics (like monopolistic competition etc.) to explain economic realities, he concentrates on the interface between economic and social conditions, drawing attention to social regulations as conditions for markets. This hypothesis is thus related not so much to opportunities for markets, or to the social construction of markets, but rather to the conditions of the functioning of markets. His argument is that, with the expansion of markets, competition is intensified. This may lead to conflict and the destabilization of society, if competitiveness is not contained. "In contrast with Adam Smith's assumption, macro-sociology assumes that peoples divergent interests and pursuits do not mesh together automatically to form a harmonious whole. Hence, specific
mechanisms are needed to keep conflict within limits, and to protect competition from escalating to the point of self-destruction" (Etzioni 1985: 289). Hence, competition is not self-sustaining, but depends upon contextual factors, the "capsule", within which competition takes place. Etzioni therefore speaks of "encapsulated competition", a term close to the "embeddedness" of economic relations described by Polanyi (1944). More specifically, he asserts that "the principal mechanisms that constitute the competition-sustaining capsule are ethical, social, and governmental" (290).

One of the most central of such institutions that enable exchange by at the same time regulating conflict is property. "Property is one of the foundations of market exchange, since people cannot exchange assets or money for assets or services if they do not 'own' the assets and money" (Lindblom 1977: 164). Property rights have therefore taken centre stage in theories of economic and social development from Karl Marx, who defined the ruling class in terms of the ownership of the means of production, up to current writers who have rediscovered property rights as the cornerstone of economic model building. Though basically property is a system of authority established by government, 'one must move beyond the conceptual opposition between 'free competition' and 'government intervention', which implies that all interventions are by a government, that all interventions are injurious, and that unshackled competition is sustainable. A counter hypothesis [...] is that competition can be preserved only within some socially set limits" (Etzioni 1985: 289).

3. The Meaning of Markets and "the Market"

To understand why and how market expansion is not just happening, but is deliberately enforced, it is crucial to consider that the expansion of markets or of a "free market economy" is interpreted by Western politicians or neo-classical economists as a suitable policy to change the economy for the better, bring about democracy, reduce poverty, promote the accumulation of capital and wealth and lead to rapid economic growth. This argument is particularly widespread in the debate about the opening of Asia and Eastern Europe to capitalist markets, where the almost mystical properties of "the market" are stressed. Opening national markets to international trade may in fact be pursued by some countries to increase their own political and economic hegemony, but the rhetoric is always based on the mutual benefit of market expansion. The structural adjustment policy advocated by the World Bank and other foreign aid organisations is also firmly rooted in the belief in the salutary effects of deregulation and market expansion. There is also a widespread popular belief in magical "market forces". Very much like invisible power believed to be located in holy trees or graves, markets are said to contain beneficial forces that guide prosperity and well-being with "invisible" hands. The term "market fundamentalism" has, with some justification been applied to this position (Evers and Gerke 1999).

There are two important aspects of this observation that we want stress. First, markets have specific meanings to specific people. Generally, people are guided by different cultural traditions, which make them see markets in differing lights. Moreover, market perceptions are influenced by the practical relationship that people have to market. One of the different
practical agents attaching meaning to the market is e.g. the "state" and its organs: bureaucrats, politicians and others. Their perspective on markets is rather from the outside as compared to direct market participants (private companies, consumers etc.), as they put down rules and enforce them without necessarily taking part in market transactions themselves. On the theoretical side, scholars also differ in their opinions what meaning ought to be attached to markets, depending on the respective school of thought they may be following. In economic theory a "market" is mainly understood as an abstract mechanism of selling and buying goods and services at a price that leads to market clearance. However, markets are, by no means, theoretically defined or observed in neutral terms. Both positive and negative meaning is attached to them. For a Marxist the capitalist market was the embodiment of all evil. The circulation sphere, as it was called, was unproductive, a mechanism of exploitation and the extraction of surplus value and surplus labour. In contrast classical economists believed and still seem to believe in the salutary power of the market. Today economic advisors often exhort the market forces to shed benefits on the nation and the people in a way that seems quite similar to the exhortations of sorcerers who entice the heavens to shed rain on the parched earth after a dry season. Both claim to have empirical evidence on their side: deregulation and the expansion of trade into the world market leads to high rates of economic growth and rain on the plain leads to green fields and happy peasants. Markets are good, useful, and beneficial, and market expansion and market economies are per se positively evaluated. Unfortunately, the matter is not quite as simple as that. Too much rain leads to floods and unfettered market forces lead to economic disaster.

Second, while markets are often advocated as a particular mode of interaction, there is a difference between "the market" as a rather abstract mode of (organising) interaction, and concrete markets where market interaction actually takes place. Already Karl Polanyi (1977) had to battle with this dual meaning of the term market as a market-place and an "invisible hand" of allotting resources within an economy. This differentiation points to the fact that what turns e.g. an ordinary geographical space into a market is the specific activity, i.e. the interaction between traders and customers taking place on it. Even when space becomes a virtual one, as for instance in the case of modern financial markets, it is by the market-like interaction that space is defined, or constructed, as a market.⁴

Now, while markets are generally constituted by market interaction, it is important to note that there is more to real markets than merely interaction in the abstract sense of "the market", i.e. the coordination of supply and demand e.g. by a market-clearing price. Business is transacted according to rules, regulations, consent, but also by the exercise of power and the impact of sentiments and emotions. Observing the trading floor of a not yet computerised stock market or the bargaining in a bazaar will be convincing evidence of the power of emotions in market transactions. Scholars attached to a school of thought labelled the New Economic Sociology have (re)discovered that market behaviour is not necessarily rational action (to use Max Weber's famous term) only, but that it can also be affective, symbolic or meaningful in terms of cultural values. The market actors are interrelated in a network of social interaction and their actions more often than not are based on trust rather than rational and means-end calculations (Beckert 2002: 28). In short, markets in general and expanding markets in particular are embedded in social and cultural relations (Granovetter 1985). Thus, contemporary research has e.g. emphasised trust (a value laden category), job satisfaction (a matter of feeling) or business ethics in establishing market relations. Markets are no longer seen as an economic mechanism for the optimal allocation of economic resources, organised by cold blooded rational

⁴ "The market is fully visible on screen - as a set of tradable, comprehensively contextualized, quickly moving prices for various trading instruments. In this situation, a level of global inter-subjectivity emerges … on their computer screens in temporal continuity, synchronicity, and immediacy" (Knorr-Cetina 2006: 551).
actors, driven by a crude profit motive, but a playing field of human beings who hate, love, are
tired or healthy, benevolent or evil, cool or mad. From this perspective, a market would be
interpreted as a field of meaningful interaction between sellers and buyers of goods and
services, who do not necessarily meet but do communicate (Zelizer 1988).

To recognise this also leads to see market-places not just as places where traders and
customers meet to exchange goods and money, but where also cultural symbols are exposed or
exchanged, their meanings being practiced and changed or revitalized. The market model can
thus be used to describe the way cultural codes articulate with material forms (Gottdiener
1995: 27). E.g., the main "signs" of medieval European towns were grouped around a central
market place, an open space of high emotional significance that was surrounded by the town
hall as the seat of government but also the symbol of independence from the feudal lords; by
the cathedral or church as the main religious symbol; and by the houses of the merchants and
craftsmen as symbols of the emerging bourgeois society. Similarly the bazaar (pasar) was and
still is the focus of pride, attention and sentiment of the people of South-and Southeast Asia.
Most people will start with the market place when they are asked to draw a map of their town
or village. Going to the pasar is important and finding it deserted ("sepi") is a disaster (Evers
1993).

In this perspective of “market as culture", markets can, of course, be analysed and
empirically investigated as cultural systems. There are anthropologists who have done so (i.e.
Clifford Geertz on Javanese or Moroccan bazaars). However, these studies are concerned with
market-places rather than the market as an abstract category of organising an economy. Hence,
they do not help us to deal with the question of what are the cultural and social consequences
if markets, and the reach of “the market" as a mode of interaction, expand. In more general,
abstract terms, three lines of argument can be distinguished in the study of the culture of
markets. "First, culture constitutes rational actors, the 'atoms' of the market economy. Second,
ideas, cognitive technologies, and related institutions create enabling frameworks for market
economies. Third, people use culture to interpret and adjust to market institutions and
relationships" (DiMaggio 1994: 35). The first argument focuses on the embeddedness of the
single actor into a system of values and meanings that shapes (though does not determine) the
respective preferences that the actor tries to satisfy when acting on markets. It is thus culturally
influenced “which utility" actors maximise. The second argument points to the fact that market
economies rely on specific cultural values, like e.g. entrepreneurship, contractualism etc. Both
these perspectives integrate culture as a shaping, or enabling, background into the usual market
model. They tell us less about culture reacting to market expansion. We are here pursuing the
third line of argument.

In the following section, we will first sketch some general characteristics of market
expansion. We then discuss three particular dimensions that especially seem to allow for an
analysis of the cultural and social consequences of market expansion.

4. Dimensions of Market Expansion: A Preliminary Paradigm

Some general remarks on market expansion

In this subsection, we take up a general issue that is often commented on when social
and cultural consequences of market expansion are discussed. It is often assumed that market
expansion leads to a homogenisation of society and culture. In fact the "perfect market" model does assume that non-economic or non-monetary influences on markets result in deviations from the optimal allocation of resources, which can by the time be overcome through the well-functioning of the market mechanism. Therefore, even though perfect markets have rarely, if ever, existed, the overall direction of market expansion has been described as "perfectionalization", where exchange in markets is increasingly subject to voluntary choice and lack of constraint (Waters 1995: 410).

However, this orthodox model of “the market” assumes rational actors in the sense that they compete to maximise personal gains. This particular kind of rational action and rational choice, which are seen as prerequisites for sustainable market systems, and its primacy over other rationalities are culture-specific, as Max Weber has demonstrated in his famous study on Protestant ethics and the spirit of capitalism. Note that there are two issues at hand. First, the mere primacy of the orthodox model's rationality in both academic thinking and economic policy is historical. Second, the concrete preferences to which this rationality relates (i.e. that constitute the respective utility functions to be maximised, or that define what actually is a gain) are equally historical and culturally particular. Hence, even if it was the case that the particular ‘Western’ or ‘capitalist’ rationality has globalised across all parts of the world, its particular content would still be specifically shaped, i.e. 'localised'.

Nonetheless, markets are dynamic institutions and do have a tendency to expand, not only in economic terms but also in non-economic fields. Markets do, indeed, expand at a rapid pace, and with them, the principles that are referred to as “the market” as a cultural system. At its core, market exchange is a rather anonymous dealing among people who, at the moment of exchange, have no other obligations towards each other than complying with a contract over individually owned private property. On the other hand the working of the market is localised e.g. by culturally particular rules of behaviour, like bartering or limited honesty in the case of regular customers. Nevertheless a core theme of markets that goods and services are “for sale”, the principle of “venality” may transcend the boundaries of the market place. The saying that "everything has a price" indicates that market principles may have invaded all aspects of social life. This can imply that even moral values like justice, affection, love or the grace of God are traded as commodities and may partially or solely be obtained by paying a market price. In this case, the expansion and change of the meaning of the market to "venality" implies a major cultural change. Justice is converted into corruption, affection is replaced by bride price, love is substituted by prostitution and the grace of God is obtained by making a profit. The use of trust as one of the basic cultural preconditions for the functioning of markets as described by Etzioni and others is undermined. Paradoxically, moral goods become subject to market conditions, for which they themselves are conditions, as market conditions in turn need a minimum of trust and social sanctions to be sustainable (Elwert 1987). Market venality subverts morality and the loss of morality subverts the viability of markets.

Hence, on the one hand, it would be all to simplifying to speak of a clear homogenisation resulting from the expansion of markets and, therewith, the expansion of market principles like venality, given the respective re-localisations of market exchange in different contexts. On the other hand, this expansion does bring cultural change based on some underlying principles that invade existing cultural contexts. Understanding markets as social constructions then leads to the question how the individual actors move in the ambivalent field of morality and venality, i.e. of the moral economy of reciprocal moral obligations and the market economy of contractual obligations. As we have shown elsewhere, drawing cultural boundaries between actors in the market is one of the foremost strategies to escape the pressures and obligations of a moral economy (Evers and Schrader 1994). Especially traders in peasant societies find it difficult to accumulate trading capital because moral values demand
the distribution of wealth among kin and neighbours. Repayment of debt or payment for goods
obtained is therefore a perennial problem in peasant societies. By distancing themselves from
the cultural values of customers, the traders also withdraw from the moral values of generalised
reciprocity. They are thus able to accumulate profits, though simultaneously putting themselves
at risk of being ostracised, discriminated or subjugated to violence. Stressing cultural
boundaries, the emphasis of being different, appears to be a strategy to make use of market
expansion by limiting, and hereby at the same time securing, ones association to moral
communities. As it seems, the expansion of markets does not necessarily lead to cultural
homogenisation, as globalisation theories claim, but first of all to social and cultural
differentiation (Evers and Schlee 1995, Nee 1996). However, along with shifts in meaning,
cultural differentiation and increased complexity, but also, as theorists of post-modernity have
pointed out, processes of de-differentiation. This has become apparent in studies of
consumption and lifestyles (e.g. Gerke 2000). The social and cultural outcome of market
expansion remains, indeed, complex and confusing to the observer. Hence, while one should not
conceal this complexity of reality, there is nevertheless a need for a heuristic tool that allows at
least for some systematisation of the various phenomena, as we suggest it in the following
subsections.

The Decline of Subsistence Production and the Growth of Trade

For reasons made apparent later we shall discuss three dimensions of market expansion:

(1) the relative decline of subsistence production and the growth of market consumption
(2) market integration and institutionalization
(3) the emergence of virtual markets and of mass consumption.

Here, we describe the main features of each economic dimension, so that observed
phenomena may be specified according the value they take in one more of the dimensions. Note
that these are dimensions, not stages, and all three dimensions may be observed simultaneously.
Single dimensions can also recede into the background or take on negative values. Based on
this, in the next section, we will suggest several social and cultural dimensions, as well as some
meta-dimensions, that correspond to, or tend to be connected to, these economic dimensions.
These dimensions then allow for specifying the observed phenomena in terms of being social
and cultural consequences of market expansion.

The growth of trade and decline of subsistence production is a case in point of market
expansion. Pre-colonial peasant societies are believed to be characterised by an economy, in
which whatever was produced was also largely consumed by the immediate producers and their
households. This subsistence or household production was supplemented by goods and services
bought on subsistence markets, either through barter or monetary transactions. Only a small
proportion of consumption derived from long-distance trade. Whether or not this picture of
such a "subsistence economy" is true or not is an empirical question. As a matter of fact the
proportion of consumption derived from subsistence and from market production can vary
considerably. There is enough evidence to show that subsistence production is usually declining
with the early integration of the peasant economy into larger markets. On the other hand the
share of household subsistence-consumption can rise again during rapid overall economic
growth, at least in the lower classes. In other words the transformation from a subsistence to a
market economy is not necessarily a unidirectional process and is differentiated and connected with social and cultural change.

Looking at the question of market expansion from the viewpoint of the consumer or the individual household, we can distinguish three interlinked economic segments: the subsistence, the informal and the formal sector. In this context market expansion means an increase of the share of consumption derived from informal over subsistence and the increase of the share of formal over informal markets. An example of this is labour, which can be allocated to productive use by labour markets or as unwaged subsistence work in households. In Indonesia, subsistence work has been transformed into informal sector work during the 1970s, swelling the ranks of women engaged in petty trade (Evers and Mehmet 1994). During the late 1990s up to now labour markets have expanded in the sense of increasing the economically active labour force and simultaneously increasing the share of wage labour in the formal sector (Evers 1993b).

What stimulates market expansion of this kind is a difficult and essential question. Recent studies in institutional economics have somewhat dented the market theory of classical economics. The existence of an automatic interplay of supply and demand is no longer taken for granted and the question has been posed how markets come about in the first place. As mentioned earlier, writers of the new economic sociology insist that “Markets are self-reproducing social structures among specific cliques of firms and other actors who evolve roles from observations of each other’s behaviour” (White 1981: 518). Markets are thus social structures built jointly by interlocking perceptions and decisions of actors, rather than abstract concepts of supply and demand. This is important to keep in mind when one looks at market expansions as an increase of market-oriented production and market consumption: These are not mere results of changing supplies and demands, but (also) of interactive social construction.

Looking at markets and political systems, the state and its economic activities are seen as the counterpoint of the market. The government has a “Budget” (in German called “Household”) which reflects the incomes and expenditures derived from and expended in the non-market or subsistence sector, like public health, social security, defence and education. Market expansion in this context refers to the reduction of the state sector in the economy as a whole.

**Market Integration and Regulation**

In the process of increasing market production and consumption described above, markets expand both geographically by integrating larger and larger areas and populations by trade, and in the sense of increasing the volume of trade, the number of goods and services traded. Hereby, more and more aspects of life are directly touched by market forces. Hence, while e.g. early and pre-colonial economies were characterised by subsistence barter and by long-distance trade of valuable items, market expansion leads to human life and its physical environment being more and more integrated into market mechanisms and forces, reducing the separation of market-sphere and non-market-sphere. Related to this, there is also an integration of markets into larger ones, reducing frontiers between different markets; both are related when the integration of markets also means integration into the market. The integration of local markets is not confined to nations. Countries can grow together into integrated markets. The EU, NAFTA and ASEAN are the results of politically instituted international markets. On a considerably smaller scale the growth triangles of SJORI, the Northern Malaysia, Thai, Sumatran triangle and other such constructs are attempting to form internationally integrated markets, where formerly petty trade and barter reigned supreme (Evers and Gerke 2006). There has been
significant resistance of various forms to integration into markets. While states and countries have been and still are forced at gun point to open their ports and cities to foreign goods, peoples have resisted the sale or confiscation of their subsistence goods, which were designated for immediate consumption rather than to be sold in markets and formal wage labour markets have replaced unpaid family labour, mutual help and informal work.

At the same time, markets become increasingly formalised and regulated through customs, rules, regulations and laws. Insofar as these market regulations are ‘market-friendly’, they imply, to a large extent, a reduction of economic activities of governments - which is one of the most often discussed form of internal market expansion. State and market, command economies versus free market economies, bureaucratic capitalism versus laissez-faire capitalism are dichotomies used in this context. Market expansion through deregulation and privatisation are policies advocated by the World Bank and the IMF. In general market expansion and the reduction of state economic activities is deemed to be productive, leading to higher economic growth rates. Negative social and cultural consequences have often been neglected and have forced governments to revert to state intervention to introduce additional social welfare programmes.

The Emergence of Global Markets

The modern world-system in Wallerstein's or Braudel's sense is constituted through an increasingly integrated world-market with a wide-ranging international division of labour and production. Integration measured by the amount of trade is stronger in the core and weaker towards the periphery.

Wallerstein sees the first phase of the creation of a modern world-system in the long 16th century and a second era of great expansion of the capitalist world-economy from the middle of the 18th century onwards. "... eventually by the end of the nineteenth century and the beginning of the twentieth, the entire globe, even those regions that had never been part of the external arena of the capitalist world-economy, were pulled inside" (Wallerstein 1989: 129). But the process did not stop here, but is still continuing, particularly in Eastern Europe, the states of the former Soviet Union and in China, where integration into the capitalist world-market had been resisted for three quarters of a century.

The production of standardised products, in particular mass consumer goods, has led to a rather strange system, where stark differences in wealth and income are matched by uniform styles of consumption. Goods can be produced almost anywhere according to uniform industrial standards. Special markets and regionally specific goods are wiped out or imitated elsewhere so as to loose their regional and cultural specificity. Again some resistance is emerging here and there but mass production and the global market forces have held sway.

The standardization of production was made possible by the commercialisation of knowledge and the emergence of virtual markets. The market for labels and product designs has become at least in some instances more important than the market of goods. Knowledge has supplemented if not surpassed capital, land and labour as a new factor of production (Menkhoff, Evers, Chay 2005) and has assumed a market value. Financial markets have now more or less fully assumed the character of virtual markets which are shaped by social networks and “micro structures of globalisation” as argued by Karin Knorr-Cetina (Knorr-Cetina and Bruegger 2002).
5. Social and Cultural Dimensions of Market Expansion

A Multidimensional Paradigm

Changing our focus to social and cultural dimensions, market expansion at first sight seems hazy and blurred. Classical writings on the interplay of economy and culture have usually stressed the role of religion. Max Weber’s famous thesis on Protestant ethics and the spirit of capitalism is a classic statement to this respect. Other studies have shown that millenarianism may be connected to the decline of subsistence production, whereas religious sectarianism has something to do with the growth of markets. Using Max Weber’s and other religion-related theories, not all possible cultural dimensions of market expansion are covered. However, there are, of course, other classical theories that we can draw upon. A somewhat different paradigm could e.g. be constructed using Marxist theory. In this perspective, culture would be an ideological superstructure justifying the domination of the ruling class, religion being an "opiate of the masses". In theories of civilisation, as another possible perspective, the articulation between the taming of emotions, the control of violence and state formation have been stressed. Norbert Elias (1969) e.g. has shown that the refinement of manners and the control of the inner self laid the foundation to the growth of the modern state - and therewith the integration of national markets. Market expansion, in this perspective, is therefore a dimension of the long-term process of civilisation.

Hence, several issues have been touched upon already, and there are many other great ideas, but how do they fit together? The following table is constructed as a heuristic device and will serve as a rough guideline to some salient social and cultural dimensions of market expansion. For this operation we have neglected the classics and drawn on more recent theories to reconstruct the social and cultural dimensions.

Table 1. Social and Cultural Dimensions of Market Expansion

<table>
<thead>
<tr>
<th>Market Expansion</th>
<th>Social Dimensions</th>
<th>Cultural Dimensions</th>
<th>Meta Dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsistence to market production</td>
<td>social networking</td>
<td>ethnicity and trust</td>
<td>moral economy</td>
</tr>
<tr>
<td>Market integration</td>
<td>strategic group formation</td>
<td>cultural capital formation</td>
<td>modernisation and institutionalization</td>
</tr>
<tr>
<td>Virtualization of markets</td>
<td>global mobility</td>
<td>life-styles &amp; mass consumption</td>
<td>knowledge and information</td>
</tr>
</tbody>
</table>

The tableau is by no means complete. As an ideal-typical paradigm it assumes that certain types of market expansion tend to be connected with typical social and cultural processes. Those mentioned are by no means exclusive but need to be substituted or complemented according to the respective research question. Moreover, in reality these dimensions may intersect, so that their analytical applicability has to be checked according to the phenomena under scrutiny. We shall discuss the dimensions in brief and, by using

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5 See e.g. the studies in Evers 1993a and Evers and Pavadarayan 2006.
theoretical and empirical evidence, attempt to demonstrate the plausibility of the concept we are suggesting.

**Cultural and Social Dimensions of the Rise of Market Production**

Integrated self-regulating markets presuppose the existence of a predominance of rational action. Modernisation can be seen as a process of rationalisation, or in Max Weber's terms a movement towards rational instrumental action. The pure rationality of market exchange has meanwhile been unmasked as irrational. Pure rational action requires elaborate bureaucratic rules and regulations which are costly to maintain. Lean government and lean organisation aims at reducing high transaction costs by improving direct communication, decentralised decision making and deregulation. This new "rationality" implies a new kind of re-embedding of economic action in social networks, communities of practice and communicative interaction. The "virtual societies" of financial markets, as studied by Knorr-Cetina and Bruegger (2002) provide a good example of this trend.

In contrast to assumptions of neo-classical economics, economic relations tend to be more or less embedded in society. Karl Polanyi (1957) has proposed that during a "great transformation" somewhere during the 19th century the English economy was temporarily disembedded from society and a real market economy came about. Polanyi's ideas have been revived recently and contemporary authors have claimed that the process of disembedding was never complete. In an influential article Granovetter (1985: 482) asserts "that the level of embeddedness of economic behaviour is lower in non-market societies than is claimed by substantivists and development theorists, and has changed less with 'modernisation' than they believe; but we argue also that this level has always been and continues to be more substantial than is allowed for by formalists and economists". Networking as a vital aspect of embeddedness remains an important social or institutional aspect of markets even with further modernisation and development.

The cultural equivalent to embeddedness and networking is trust. As Menkhoff (in Evers and Schrader 1994, Menkhoff and Gerke 2002) has shown in his study on Chinese traders in Singapore, trust is a precondition for the maintenance of the far-flung trading networks of Chinese businessman even after adopting modern methods of management. The expansion of trade is built on the expansion of relations of trust. Common ethnicity or kinship can be an essential, but not necessarily the only precondition for developing trust and solidarity between traders. Essentially precarious types of business, like money lending, need the support of religious authority to sustain credibility and trust (Evers and Pavadarayan 2006). With the globalization of money markets, however, trust is replaced by temporal coordination as the basis for the level of intersubjectivity discerned in global markets (Knorr-Cetina and Bruegger 2002, Knorr-Cetina 2006).

It has become customary to refer to the underlying processes as the "moral economy" in contrast to the economy seen as a system of rational action. The moral obligations prevalent within a society based on subsistence production are a powerful barrier against market expansion. Traders in such a society are faced by a serious dilemma: should they succumb to the moral obligations of sharing and caring for relatives, neighbours or members of ones own ethnic group or should one follow the logic of profit maximisation and capital accumulation. Only in the latter case can trade be expanded and subsistence production replaced by market relations. There are several solutions to the "traders' dilemma" (Evers 1994), among them to accumulate
cultural capital (see below) to establish a position of moral superiority or to leave trade to ethnic minorities.

The expansion of markets may, however, also engulf morality. The dark side of the moral economy is venality. When everything can be bought, a moral economy of generalised reciprocity is undermined and the subsistence ethic threatened (Elwert 1987). This in itself is no hindrance to further market expansion, but the establishment of the absolute power of markets and venality threatens the functioning of markets themselves. As sanctions against the illegal appropriation of goods and property can also be bought off, property right are no longer secure. Corruption, insecurity and lack of trust will easily give birth to market failure.

**Market Integration: Formation of Strategic Groups and of Cultural Capital**

The expansion and integration of markets presupposes, and also leads to, the emergence of groups interested in establishing, furthering and protecting or opposing and undermining the market system. Such groups of traders, businessmen, professional, bureaucrats and military men have been identified as possible strategic groups (Evers 1980: 247-261, Evers and Schiel 1989, 1992, Berner 2001). The strategies of these groups aim at maintaining or changing the social and political order in such a way that their own group interest in gaining access to the societies' resources is taken care of. Increase of wealth, power and prestige is the ultimate aim and long-term strategies are followed which may support or hinder market expansion. Hence, depending on how their interests are served by markets offering opportunities for the appropriation of resources, these groups foster the formation and integration of markets, and, if successful, are thereby strengthened themselves. Conflict and competition between the strategic groups of big business and bureaucracy are common features of periods of market integration (Nee 1991, 1996). The bureaucratic East Asian newly industrialized countries (NICs) for instance have long followed a strategy of maintaining a strong state sector while pushing for external market expansion through a policy of export oriented industrialisation. While strategic groups may be only an example of the formation of new groups in the process of market expansion (there may be other groups as well), their specific strategic character, i.e. their orientation towards resources that become available, is significantly linked to market expansion as a dynamic process of re-allocation of resources.

Groups do not only form, based on resources that become available to them as a new formation, but they also establish and practice distinctions from other groups that exclude these others from the groups access to resources. Bourdieu (1984) has shown how consumer goods assume symbolic values and how distinctive ways of living, eating and spending leisure time demarcate one particular group or social stratum from another. The expansion and integration of markets does not only lead to a rapid accumulation of economic capital in the hands of a bourgeoisie or upper class, but it also makes the accumulation of cultural capital lucrative.

Of course, the formation of cultural capital already had an important role in pre-industrial societies, where it was mainly acquired by long-distance trade: Goods not produced locally are only available to those who have the power to participate in or benefit from long distance trade. However, with increasing market integration the symbolic meaning of consumption takes on a specific quality. Whereas in non-integrated markets prestige items underscored existing social differences apart from and beyond economic wealth, market integration makes prestige goods available to anyone who can afford to pay a price for them and gain status as a consequence (Evers and Gerke 1997). Hence, the differences that are acquired by, and allow for, the accumulation of cultural capital are becoming more and more
defined by economic wealth. Status becomes more and more defined as well as accessible by wealth.

It is important to note here that, while the integration of markets raises the physical availability of distinguishing goods as carrier of cultural capital, and hereby the venality of status, this does not imply an homogenisation of these distinguishing goods. Instead of seeing consumption as based on the satisfaction of basic, predetermined needs, consumption can be conceptualised as a process in which a buyer of market goods is actively engaged in trying to create and maintain a sense of identity through the display of the goods purchased through the market (Bocock 1993). Consumption is always the consumption of symbolic signs. These symbols are not imbued with an intrinsic set of meanings. As Baudrillard (1988) has argued the meanings are generated within the systems of signs and symbols by the consumers themselves. Hence, depending on the social group that the cultural capital relates to, i.e. where it ‘counts’, it is constituted by different goods. While some goods carry prestige in one group, they may not do so in another. This may also be the case across large integrated markets so that there are globalised groups with a particular lifestyle that defines the particular cultural capital goods.

**Globalisation of Markets: Life styles, mass consumption and globalisation**

The globalisation and expansion of markets is connected with a new social formation, namely the emergence of a transnational stratum of business executives of multinational companies, international consultants and experts (Evers and Menkhoff 2004), highly specialised technical and communications personnel, but also international gangsters, terrorists and social scientists. People in this stratum speak a jargonised international English, spend a lot of time in planes or behind computers, live in international hotels and share a similar lifestyle. In fact, the new international class has perfected the metropolitan lifestyle, whose early beginnings were analysed by Simmel (1908).

The integration of the European-North American market during the 19th century had social and cultural consequences both sides of the Atlantic. The new American leisure class, portrayed by Thorstein Veblen at the turn of the century, derived their identity from the conspicuous consumption of goods imitating the lifestyle of the European nobility. The following decades were, however, a period of the growth of mass production in the industrialised nations. This mass production of goods "has as its necessary corollary the mass production of consumers..." (Slater 1993: 115). Advertising and marketing rather than basic needs determines fashion and demand. As pointed out by theorists of mass culture "economic reproduction of an autonomous culture through the market has been replaced by the market as a tool for the cultural reproduction of the capitalist mode of production" (Slater 1993: 115).

The worldwide expansion of markets, the electronic communication revolution, mass consumption and mass consumerism are all subsumed under the term "globalisation" (Robertson 1990). Neither the relations of production, as Karl Marx had assumed, nor dependency in a modern world system determine the superstructure of culture, but globalised mass consumption has assumed the role of culture itself.

From the 1970s onwards a post-modern pattern of consumption developed, which supports distinct life-styles of virtual reality. This wave of post-modern market expansion has meanwhile reached Southeast Asia, where it appears to have taken on even more drastic forms than in Europe.
This can be exemplified by a study from Indonesia. As Solvay Gerke (2000) has argued, a post modern life-style is the defining characteristic of an emerging middle class. With an expanding internal market and a further integration into the world market, modern mass consumption goods have become easily available. Incomes in Indonesia have steadily risen since the 1970s. With rising incomes and the expansion of the labour market, social mobility has been high and a new middle class is being formed. Though incomes have risen the available funds to purchase status items are still limited. The result is, according to Gerke’s analysis, “symbolic consumption”, where a few highly valued mass consumer items are consumed or displayed. Textiles with prestige labels are borrowed from friends, souvenir items simulating a trip abroad are displayed and a Pizza Hut restaurant is visited. "Virtual" or symbolic participation in mass consumption is the result of rapid market expansion.

As symbols and values of pre-modern traditions are still prevalent, the situation in Southeast Asia is going to be perhaps even more dramatically diverse as in the industrial societies. The flood of signs and images which are usually taken from the media with television, rock videos and MTV (music television) are examples of “pastiche, eclectic mixing of codes, bizarre juxtapositions and unchained signifiers which defy meaning and readability” (Featherstone 1991: 20). This is even more so for an audience of mass consumers whose cultural roots are found in domains of different cultural signifiers. The result could well be the social and cultural disorder prognosed by Baudrillard (1983).

In our days, advertising persuades us that life becomes meaningful if you consume. The meaning of consumption and shopping has changed in the process of market expansion and with it an important dimension of market culture. While during the period of the “Great Transformation” (Polanyi 1977) economic activities like buying and selling of goods and service have increasingly become “disembedded” or differentiated from social and cultural domains of everyday life, this trend has now been reversed. Studying today’s market places or department stores we can observe the tendency that everyday shopping has almost turned into a leisure activity. The mere act of making a purchase is becoming part of a performance and part of “lifestyle” (Gerke 2000). The meaning of a market becomes identical with the meaning of life. Buying goods and services is being embedded in social activities, recreation, sports, adventure or pop culture. Shopping malls and giant department stores combine a well orchestrated web of activities, which formerly were conducted separately at separate locations.

Even if incomes are low, the Mercedes car displayed in the shopping mall is symbolically consumed. Virtual consumption defines “consumerism” as much as succumbing to the lures of advertisements to buy mass produced consumer goods to which no use-value is attached. Consumption as an act becomes the consumption of the model (Baudrillard 1993).

The gradual disappearance of market places and their culture of face-to-face interaction, bargaining and gossip has already changed the cultural scene tremendously. It has certainly diminished cultural creativity along with local forms of cultural expressions like Chinese operas (normally performed at market places!), story telling or shadow play (wayang) performances. First-hand experiences are predicted to decline further. The construction of modernity has not only led to an explosion of information and knowledge, but also to a loss of experience and tacit knowledge (Evers and Wall 2006).

So far market expansion has been rapid and the market economy has become the basic institution on which production, exchange and consumption are modelled. But within market economies new institutions and cultural figurations are taking shape. "Local products" as markers of cultural distinction are disappearing. Instead authentic local products are globalized, i.e. they are available in other markets outside their place of origin. This has, of course, been the

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outcome of long distance trade for centuries, but the proliferation of products and at the same
time the standardisation of the product mix world-wide is new. Giant trade fares for corporate
buyers and department stores for the daily shopper are visible expressions of these global
markets. Knowledge and information have become the basis of production and the tool for
distribution as evidenced by the growth of knowledge based systems engineering, ICT
(information and communication technology), knowledge and innovations as promoters of
economic growth and market expansion and heavy investment in research and development
(R&D).

6. Conclusions

We have identified three dimensions of market expansion: the growth of market
oriented production and trade, internal and external market integration and the creation of
virtual markets. These three processes can occur side by side and are connected with social and
cultural change. Classical social scientists, dealing with this problem, have concentrated on the
social and religious aspects. More recently researchers has rediscovered the topic and
emphasised institutional and social transition in the wake of market expansion or they have
focused on the cultural consequences of post-modern mass production and consumption.

The question then arises how development sociology can operate in a global market i.e.
in a situation where macro processes and forces dominate development, development theory
and development practise. Can sociologists and anthropologists trained in the classical tradition
of field research compete successfully with economists well-versed in constructing formal
macro-models? The shift in development theory away from grand theories towards a greater
emphasis on everyday life and local culture, away from macro-planning to people-oriented and
participatory development show that development anthropology and empirical sociology are
gaining in prominence. Nevertheless it would be a mistake to leave the field of macro theorising
to economists and monetary experts. At least the conditions under which development
anthropology and sociology have to operate in research and in practise need to be researched
and conceptually constructed. Towards this end we have identified the social and cultural
dimensions of market expansion as a major field of study and have provided a preliminary
framework for analysis to be used as a heuristic device for further research or, at least, as a
guide in the discourse on a very important but difficult topic.
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