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THE SOCIAL CONSTRUCTION OF THE MARKET

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The social construction of the market*

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1. Introduction

> . . . society [is] part of a human world, made by men, inhabited by men, and, in turn, making men, in an ongoing historical produces.
> [Berger and Luckmann 1966: 189]

> The world of everyday life is not only taken for granted as a reality by the ordinary members of society in the subjectively meaningful conduct of their lives. It is a world that *originates in their thoughts and actions*, and is maintained as real by these.
> [Berger and Luckmann 1966: 20; *italics added*]

In their famous book *The Social Construction of Reality*, Peter Berger and Thomas Luckmann (1966) explain the processes by which human knowledge about the social world is created, transmitted, preserved, and comes to be taken for granted by "the man on the street" as he negotiates the social world. "Society," Berger and Luckmann (ibid.: 129) argue, "is [best] understood an ongoing dialectical process composed of the three moments of externalization [i.e. institutionalization], objectivation and internalization [i.e. socialization]." Individuals are both the producers and the products of society, and to be members of society means to be a part of this ongoing dialectical process.

According to Berger and Luckmann (1966: 52; *italics theirs*), "social order exists *only* as a product of human activity." Society, they explain, is not like the natural physical environment which pre-existed the evolution of human beings and can be conceived of and described without reference to human activity. Of course, the natural environment changes in ways that are unrelated to its human inhabitants and human beings can do much to alter the physical environment (e.g. they can fill in lakes, clear forests, dig mines, build buildings, etc.). But, the earth will survive human beings (in some form). The social order, however, owes its existence to human beings and will not outlive humanity. As Berger and Luckmann (ibid.) write, "Both in its genesis (social order is the result of past human activity) and its existence in any instant of time (social order exists only and insofar as human activity continues to produce it) [social order] is a human product."

Although society is the product of human activity, "the product," as Berger and Luckmann (1966: 61) write, "acts back upon the producer." The social order is experienced by man as an objective reality that he must contend with throughout his life, which existed before his birth and will likely survive his death. He cannot evade or avoid it. He can do little to alter it and then only incrementally and at the margins. The institutions (e.g. nations, markets, families, congregations) which comprise the social world "have coercive power over him, both in themselves, by the sheer power of their facticity, and through the control mechanisms that are usually attached to the most important of them" (ibid.: 60). For Berger and Luckmann, then, social structures are understood as a material cause of human action.

Not only is man the producer of society, however, he is also a product of society (ibid.: 61). Through a process of socialization, human beings internalize the objectified social world. This internalization must occur if man is to become a member of society with the knowledge necessary to understand his fellowmen and apprehend the social world that he was born into (ibid.: 130). Through this process, which begins when he is a child and continues throughout his life, the individual acquires a general sense of the world as well as role-specific stocks of knowledge which shapes how he behaves in the world. For instance, the male in some society who grows up to be a doctor learns during the course of his life what it means to be a male in his society, what it means to be a doctor in his society, and the knowledge and vocabulary that he needs to successfully perform both of these roles. Society, as Berger and Luckmann explain, is, thus, also subjective reality. It is not only a reality that institutionally defined but it is a reality that comes to be apprehended in a particular way within each individual's consciousness (ibid.: 147).

Although Berger and Luckmann do not specifically discuss the market, they would undoubtedly agree that the market is socially constructed. Indeed, the market is both (i) a phenomenon that is brought about by the social actions of individuals and (ii) a phenomenon that individuals come to know through their socialization into a particular community and their personal experiences with buying and selling goods and services. Stated another way, the market is a product of social action that exists as both objective and subjective reality. Inspired by Berger and Luckmann's work, this paper will describe the social construction of the market. Specifically, it will focus on the Austrian understanding of the market which conceives of the market as a product of human action, acknowledges that knowledge is socially distributed, and focuses on the subjectively held though socially mediated meanings that actors ascribe to market activity. It is my contention that the Austrians have articulated a "sociology of the market" that is consistent with Berger and Luckmann's approach. As Berger and Luckmann (ibid.: 129) write, "society and each part of it is characterized by these three moments [i.e. social production, objectivation, and internationalization], so that any analysis in terms of only one or two of them falls short." To its credit, the Austrian school's understanding of the market, I contend, does not ignore any of these three moments.

2. Creating the market, the market as objective reality

> … social order is a human product, or, more precisely, an ongoing human production. It is produced by man in the course of his ongoing externalization. Social order is not biologically given or derived from any biological *data* in its empirical manifestations. Social order, needless to add, is also not given in man's natural environment, though particular features of a social order (for example, its technological arrangements). Social order is not part of the "nature of things," and it cannot be derived from the "laws of nature." Social order exists *only* as a product of human activity. No other ontological status may be ascribed to it without obfuscating its empirical manifestations.
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> [Berger and Luckmann 1966: 52]

The Austrian school has always argued that a market is the product of human activity. "The market," Mises (1949: 312) has stated, "is a social body; it is the foremost social body. The market phenomena are social phenomena. They are the resultant of each individual's active contribution." Additionally, Mises (ibid.: 258) has explained that, "the market is a process, actuated by the interplay of the actions of the various individuals cooperating under the division of labor." And, "every market phenomenon can be traced back to definite choices of the members of the market society" (ibid.). For Austrians, the market is a spontaneous order which emerges as the result of the interplay of actions of various individuals who are both competing against each other for resources and cooperating with one another in the provision and distribution of goods and services.[1] For them, the market is "produced by man in the course of his ongoing externalization" within the economic realm. Austrians have, thus, focused on both

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[1] As Ikeda (1994: 29) explains, "Austrians frequently use the term 'market' in the broad sense. Market theory in standard economics, for example, usually refers to the analysis of the behavior and performance of particular market structures, while for Austrian market process theorists it could also mean the theory of the 'catallaxy', that is, the social order based on private property and voluntary exchange."

the nature of the order that results from the actions of individuals and the process by which it emerges.

The market as an emergent order

Austrians have described the market as a spontaneous order, an extended order, an emergent order, an unintended order, and an unplanned order. Each phrase more or less expresses the particular notion that Austrians are hoping to capture when the stress that the market order is the result of human action but not of human design. As Hayek (1979:150) argues, "many of the greatest things man has achieved are the result not of consciously directed thought, and still less the product of a deliberately coordinated effort of many individuals, but of a process in which the individual plays a part which he can never fully understand." Orders of this kind—i.e. that emerge organically, that are unplanned, and that are unintended—can be found throughout human societies (e.g. the law, language, etc.) as well as in nature.[2] Indeed, society is itself a spontaneous order. As Hayek (1948: 6) wrote, "by tracing the combined effects of individual actions, we discover that many of the institutions on which human achievements rest have arisen and are functioning without a designing and directing mind; . . . and that the spontaneous collaboration of free men often creates things which are greater than their individual minds can ever fully comprehend."

Hayek (1973) outlines some of the typical features of spontaneous orders in *Law, Legislation and Liberty (Volume I): Rules and Order*. Spontaneous orders, he (ibid.: 38) argued, "may achieve any degree of complexity." Planned orders or deliberately made orders, on the other hand, are relatively simple; their "degree of complexity is . . . limited to what the human mind can master" (ibid.: 38). Additionally, operators of planned orders must possess the requisite knowledge and power to "control" them. The owner of a firm, for instance, must know a great deal about the internal workings of his organization if she is to direct the actions of her employees. For small firms this might be possible, although even small firms must rely on spontaneous ordering processes to some extent since they are comprised of human beings and not automatons. As firms get larger and the problems that they need to deal with become more complex, it is more

[2] See Strogatz (2003) for a discussion of spontaneous orders in a variety of contexts.

likely that they will contain elements of spontaneous orders and less likely that they can be described as planned orders that their owners "control" (Foss 1994).

Markets are typically more complex than even large complex firms. In markets, multiple individuals operating severally and on the basis of local and limited knowledge manage to coordinate their activities with one another by adjusting their plans in response to new knowledge discovered during their previous market activities or because of their changing perceptions of and expectations about current and future market conditions. The dovetailing of plans that occurs in the market is "an order of such a degree of complexity (namely comprising elements of such numbers, diversity and variety of conditions) . . . [that] we could never master intellectually, or deliberately arrange" (Hayek 1973: 41). But, as Hayek (ibid.) writes,

> . . . by relying on the spontaneously ordering forces, we can extend the scope or range of the order which we may induce to form, precisely because its particular manifestation will depend on many more circumstances than can be known to us—and in the case of a social order, because such an order will utilize separate knowledge of all its several members, without this knowledge ever being concentrated in a single mind, or being subject to those processes of deliberate coordination and adaptation which a mind performs.

Berger and Luckmann (1966: 77) have made a similar point when they stress that the division of labor means that there is also a division of knowledge.[3] This notion (i.e. that it is impossible to plan and subsequently control an order as complex as the market) is at the center of Hayek's critique of socialism (see Hayek 1948; see also Lavoie 1985). In Hayek's view, central planners simply cannot possess the requisite knowledge to bring about the coordination of the multiplicity of individual plans made by actors in the market.

Hayek (1973: 38; *emphasis his*) has also argued that a spontaneous order not "having been made . . . *cannot* legitimately be said to *have a particular purpose*." Planned orders or organizations, on

[3] As Berger and Luckmann (1966: 77) writes, "given the historical accumulation of knowledge in a society, we can assume that because of the division of labor role-specific knowledge will grow at a faster rate than generally relevant and accessible knowledge."

the other hand, are deliberately made by some individual and so "invariably do (or at one time did) *serve a purpose* of the maker" (ibid.). Still, unplanned orders like the market are no less dependent on purposive action. An unplanned order's existence, Hayek (ibid.: 39) wrote, "may be very serviceable to the individuals which move within such an order." Indeed, in saying that the market has no purpose, Hayek is saying something quite different than that the market has no function or point. It allows people to pursue their own agendas; "our awareness of its existence," Hayek (ibid.: 38) notes, "may be extremely important for our successful pursuit of a great variety of different purposes." It is worth restating that the market emerges out of the interactions of multiple individuals acting severally in pursuit of their own ends.[4] The marvel of the market is that it is the unintended consequence of human action, that it is the product of human action but not design.

An order, however, is not and should not be thought of as the inevitable consequence of individual elements pursuing their own purposes.[5] Action in pursuit of individual ends does not necessarily bring about an order. The emergence of order depends on individual elements obeying certain rules and the rules of the game being such that the various elements, by obeying those rules, produce an order.[6] As Hayek (1973: 44) explains,

> To put this differently: in a social order the particular circumstances to which each individual will react will be those known to him. But the individual responses to particular circumstances will result in an overall order only if the individuals obey such rules as will produce an order . . . This need not mean that the different persons will in similar circumstances do precisely the same thing;

[4] As Hayek (1979, 145) states, "social wholes [like the market] . . . are the condition for the achievement of many of the things at which we as individuals aim, the environment which makes it possible even to conceive of most of our individual desires and which gives us the power to achieve them."

[5] It is important to note that spontaneous orders need not be positive (Martin and Storr 2008).

[6] For example, "if the rule were that any individual should try to kill any other he encountered, or flee as soon as he saw another, the result would clearly be the complete impossibility of an order in which the activities of the individuals were based on collaboration with others" (Hayek 1973: 44).

> but merely that for the formation of such an overall order it is necessary that in some respects all individuals follow definite rules, or that their actions are limited to a certain range.

The rules consistent with the emergence of a social order define and delimit our choices, reduce genuine uncertainty and, thus, enable us to act in a world where the future is not only unknown but unknowable.[7]

Correspondingly, the nature of the order that emerges depends on the rules of conduct or predefined patterns of conduct that are governing human action. Berger and Luckmann (1966: 55) have described how institutions like the market emerge and have stressed the role that rules of conduct play as institutions emerge and are maintained. "Institutions also," Berger and Luckmann (ibid.: 55) write, by the very fact of their existence, control human conduct by setting up predefined patterns of conduct, which channel it in one direction as against the many other directions that would theoretically be possible." These predefined patterns of conduct or rules of just conduct proscribe certain activities and encourage others. These predefined patterns or rules guide our choices of ends and the means that we employ to attain them. As Hayek (1973: 45) explains, "For the resulting order to be beneficial people must . . . observe . . . rules which do not simply follow from their desires and their insight into relations of cause and effect, but which are normative and tell them what they ought to and ought not to do." Many of these rules, as Hayek (ibid.: 43) notes, are not known to the individuals who are obeying them; "man certainly does not know all the rules that guide his actions." And, we obey different rules for different reasons. As Hayek (ibid.: 45) suggests,

> Some . . . rules all individuals of a society will obey because of the similar manner in which their environment represents itself to their minds. Others they will follow spontaneously because they will be part of their common cultural tradition. But there will be still others which they may have to be made to obey, since, although it would be in the interest of each to disregard them, the overall

[7] See Lachmann (1977: 62) for a discussion of institutions and how they serve of points of orientation that reduce uncertainty and facilitate action.

> order on which the success of their actions depends will arise only if these rules are generally followed.[8]

The predefined patterns of conduct or the rules that govern human action can exist as both formal and informal constraints. They can be laws, constitutions, contracts, cultural traditions, practices and norms, religious precepts and sanctions, and self-imposed limits.[9]

For the Austrians (and Berger and Luckmann), then, the market is a purposeless, unplanned, complex order peopled with rule-governed individuals pursuing their own ends. Market participants are governed by a mix of both formal rules (like the laws concerning private property and contracts) and informal institutions (like a strong work ethic and the belief in saving for a rainy day).[10] Additionally, for Hayek and the Austrians, the market order emerges as individuals adjust their plans and purposes to market signals, compete against one another for resources, engage in entrepreneurship and discover new opportunities.

The market as a process of adjustment, competition, entrepreneurship and discovery

Recall that Mises (1949: 257) insisted that the market is "not a place, a thing, or a collective entity" but that instead it is "a process." This process, he explained, involves "the adjustment of the individual actions of the various members of the market society to the requirements of mutual cooperation" (ibid.: 258). "The market," Mises (ibid.) continued, "is the focal point to which the

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[8] Berger and Luckmann (1966: 54) describe this process of institution creation as the emergence of "reciprocal typification[s] of habitualized actions by types of actions." These reciprocal typifications develop over time. "What must be stressed," Berger and Luckmann (ibid.) write, "is the reciprocity of institutional typifications and the typicality of not only the actions but also the actors of institutions. The typifications of habitualized actions that constitute institutions are always shared ones. They are *available* to all the members of the particular social group in question, and the institution itself typifies individual actors as well as individual actions. The institution posits that actions of type X will be performed by actors of type X."

[9] North (1990) has described these "conventional rules" as constraints or institutions.

[10] As Ikeda (1994, 24) writes, "the 'market process' is a spontaneous order sustained by an institutional framework in which private property and free exchange predominate, and which emerges from the largely independent purposes of individual actors who plan in the face of partial ignorance and unanticipated change."

activities of the individuals converge. It is the center from which the activities of the individuals radiate." Much of Austrian economics since Mises has been an attempt to explain and develop these Misesian insights.

The market is comprised of individuals who have limited and imperfect knowledge and do not and cannot know what will happen in the future. "The future," as Lachmann (1994: 230) reminded us, "is to all of us unknowable." Nonetheless, we must make plans since many of our goals cannot be accomplished in a single period.[11] And, we must act to coordinate our actions with our fellows if we hope to be successful. Because we are radically ignorant, however, many of the plans that we make will only partially succeed or will fail outright. The success or failure of plans acts as a feedback mechanism; plans that fail get scrapped, plans that only partially succeed get revised, even plans that are successful but not yet fully realized get modified as circumstances change. As Kirzner (1973: 10) teaches us, "the market process . . . is set in motion by the results of the initial market-ignorance of the participants. The process itself consists of the systematic plan changes generated by the flow of market information released by market participation—that is, by the testing of plans in the market." The market process, then, is at root an adjustment process.

The market process is also a competitive process. "Competition," Kirzner (1973: 13) teaches us, "is inseparable from the market process itself." The market participants, who are systematically adjusting their plans so that they can coordinate their activities with their fellows, are also competing with one another. Buyers are contending with each other for resources. Similarly, sellers are contending with each other for customers. As Kirzner (ibid.: 12) states, "each market participant, in laying his buying or selling plans, must pay careful heed not only to the prospective decisions of those to whom he hopes to sell or from whom he hopes to buy, but—as an implication of the latter—also to the prospective decisions of others whose decisions to sell or to buy may compete with his own." It is this rivalry that explains why sellers are consistently attempting to offer more attractive opportunities to their customers and why resources tend to flow to their most highly valued use.

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[11] Lachmann has written quite extensively about the centrality of the plan. See, for instance, his book on *The Legacy of Max Weber* (1971). See, also, Lachmann (1977: 68-69).

The market can also be described as an entrepreneurial process. As Kirzner (ibid.: 17) writes, "entrepreneurship is inherent in the competitive process." The entrepreneur performs at least two key functions in the market: He is a coordinating force, and he promotes innovation.[12] The entrepreneur brings about coordination in the market by being alert to profit opportunities and moving to exploit them through arbitrage, that is, by buying a given good or its constituent elements for a lower price than that good is expected to go for in the market. In this way, entrepreneurs bridge the gap (of knowledge) between the owners of resources and consumers. Arbitrage, however, should not be thought of as mere arbitrage. As Holcombe (2003: 18) puts it, entrepreneurship "is more than just being alert to price discrepancies in the market. It is spotting alternative methods of production, and spotting ways in which output characteristics can be altered to better satisfy the demands of purchasers." Innovation—the creation of new products, production processes and distribution methods in an attempt to exploit perceived profit opportunities—is also a part of entrepreneurship. The entrepreneurial promoter, as Mises characterizes him, is necessarily an innovator.

The market process, then, is ultimately a discovery process. As Kirzner (1979, 150) writes, "we now see [the market] process much more deeply as a process whereby the general tendency for continued spontaneous discovery of available information is powerfully nudged into its most effective and expeditious channels."[13] Discovery is quite different than deliberate search. In a "deliberate act of learning," (a) we recognize that there is something that we do not yet know, (b) we know where, how and at what cost we can gain the desired knowledge, and (c) we believe that the benefit of knowing is greater than the cost of finding out (Kirzner 1992, 46). Discovery, however, involves genuine surprise. Unlike deliberate search, discovery does not begin with an awareness of one's ignorance and does not end with the "possession of the sought-after knowledge" (ibid.). Instead, "the kind of discovery steps we have described as making up the market process . . . are characterized precisely by the surprise involved by the discovery, and by

[12] We often use the shorthand of talking about the entrepreneur as if he were a person with some prescribed role in the market. But, as Kirzner often reminds us, entrepreneurship is in fact an element in every action (Kirzner 1973, 15).

[13] Note that adjustments of the sort discussed earlier are possible because the market is ultimately discovery process.

the corresponding earlier unawareness of the nature of one's ignorance" (ibid.). The market process, as Kirzner (1979, 151) explains, is "a systematic but wholly unplanned process of un-deliberate discovery . . . [which] disseminates knowledge whose very existence has not been known to its spontaneous learners." [14]

The market's ontological status is as a social order that results from the actions of individuals. It is possible to focus our attention on the nature of the order or on the process that creates the order but we should never lose sight of the fact that it is a social construction involving moments of externalization and objectivation.

3. Experiencing the market, the market as subjective reality

> . . . the reality of everyday life maintains itself by being embodied in routines, which is the essence of institutionalization. Beyond this, however, the reality of everyday life is ongoingly reaffirmed in the individual's interaction with others. Just as reality is originally internalized by a social process, so it is maintained in consciousness by social processes. These latter processes are not drastically different from those of the earlier internalization. They also reflect the basic fact that subjective reality [the way the world is experienced] must stand in a relationship with an objective reality that is socially defined.
> [Berger and Luckmann 1966: 149]

Austrians have profitably compared the interplay of actors in markets to a conversation. Hayek (1948: 86), for instance, has suggested that "we must look at the price system as . . . a mechanism for communicating information if we want to understand its real function." Market participants use the price system to communicate with each other. As explained above, price changes are meaningful statements in functioning markets that communicate to individuals that there has been a change in the social world and that they should adjust their activities accordingly. As Lachmann (1978: 62) suggests, "in a market economy . . . prices are not merely exchange ratios between commodities and services but links in a market-wide system of economic communications. Through price changes knowledge is transmitted from any corner of any market to the rest of the system." Using the vocabulary of the market (e.g. prices), individuals "speak" to one another about their possessions, their capabilities and their desires across vast

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[14] See Klein (1999) for an interesting discussion of Kirznerian discovery.

geographic and social distances communicating information about changes in the socio-economic world. The market, then, is a particular kind of extended social discourse.

Based on the discussion above, it would seem that the conversation of the market is primarily a conversation between strangers. Indeed, Austrian scholars of the market stress its impersonal nature. Weber (1978), for instance, has described the market as place where sociality does not take place.[15] "The market community," Weber (1978: 76) writes, "is the most impersonal relationship of practical life into which humans can enter with one another . . . participants do not look toward the persons of each other . . . there are no obligations of brotherliness or reverence, and none of those spontaneous human relations that are sustained by personal unions." Although Weber acknowledged that market activity was a social occurrence, for him, the market was characterized by impersonal, hyper-rational and usually ephemeral exchanges. As Weber (ibid.: 75) writes, "from a sociological point of view, the market represents a coexistence and sequence of rational consociations, each of which is specifically ephemeral insofar as it ceases to exist with the act of exchanging the goods." In his view, the market and community are, thus, separate spheres that are ultimately at odds with each other. "In sharp contrast to all other groups which always presuppose some measure of personal fraternization or even blood kinship," Weber (ibid.: 76) writes, "the market is fundamentally alien to any type of fraternal relationship." The extended dialogue of the market, in Weber's view, is a series of short-lived conversations between strangers about money, prices, goods, services, and very little else.

Similarly, for Hayek (1979, 1988), there are tremendous differences between the sorts of interactions that occur within the extended order of the market and within the bands which comprise community. Habits of solidarity (e.g. living communally and sharing all that is produced equally), Hayek (1979: 162) writes, "had to be shed . . . to make the transition to the market economy and the open society possible." For Hayek, the evolution of modern markets was conditioned on the transition from personal exchange to impersonal exchange. Relationships in the market are governed by abstract, impersonal rules rather than social bonds like family, friendship, or tribe (as they formerly were). Moreover, the success of the market and, indeed, success in the market is dependent on individuals obeying impersonal signals like price

[15] See Boettke and Storr (2002) for a discussion of Weber's relationship to the Austrians.

changes and profits. "If we were to apply the unmodified, uncurbed, rules of the mico-cosmos (i.e., of the small band or troop, or of say, our families) to the macro-cosmos," Hayek (1988: 18; *italics his*) explains, "*we would destroy it*."

Although Hayek employs the term catallaxy which means "to change from enemy to friend" to describe the market order, it is a superficial friendship he has in mind that does not extend beyond the mutual benefit of (perhaps repeated) exchange. These are, therefore, "friends" whom you have regard for chiefly because you are willing to pay the price that they are asking for the good they have for sale or they are willing to pay the price you are asking for a service that you are offering. These are "friends" who you trust to respect your property and keep their promises because both of you have been socialized into a common social world and, so, respect certain norms or you trust the rule enforcement mechanisms in place. These are "friends" who you do not really have to speak to. Recall that for Hayek, the marvel of the market is that we can convince others to behave as we want them to without having to share a whole lot about ourselves or our circumstances. The conversation of the market is a conversation that does not involve a lot of talking. The meaningful utterances made in the market have to do with buying and selling. In a recent restatement of Hayek's argument, Seabright (2004: 4) has argued that in spite of our being biologically hardwired to distrust strangers we have learned to obey "rules of behavior [which] have made it possible for us to deal with strangers by persuading us, in effect, to treat them as honorary friends." These are fleeting "honorary friendships," however, that only survive until a transaction or series of transactions have been completed and do not expand beyond the economic realm.

While stressing that the market is a social construction, Mises like Weber and Hayek concedes that individuals often experience the market as an objective reality of anonymous forces which they can do little to counteract.[16] "Market phenomena," Mises (1967: 315) writes, "appear to the individual as something given which he himself cannot alter." Weber, Mises, and Hayek are no

[16] Mises (1967: 311) though stressing elsewhere that the market is a social phenomenon at times describes the market as an impersonal force that bends individuals to its will. "The market makes people rich or poor, determines who shall run the big plants and who shall scrub the floors, fixes how many people shall work in the copper mines and how many in the symphony orchestras. None of these decisions is made once and for all; they are revocable every day. The selective process never stops. It goes on adjusting the social apparatus of production to the changes in demand and supply."

doubt correct that individuals often perceive market forces as anonymous or impersonal. But, they exaggerate the extent to which market relationships are ephemeral and the extent which individuals experience the market as a sphere altogether different than the other social spheres they occupy.

Although the market is a "macro-cosmos" (to borrow Hayek's terminology), individuals experience it day-to-day as if it were a "micro-cosmos." We simply do not experience the market process as an anonymous force. Of course, when our business goes under or we lose our job, we often complain that it was impersonal and cold forces beyond our control which decided our fate. But even here it is rarely if ever anonymous forces that are held to account. It is the banker who we have known for years who refuses to extend the loan. Or, it is the customer we have built a relationship with that is not renewing her order. Or, it is the company where we have worked for 10 years that is laying us (and us in particular) off. The market is not an unknown thing that we are detached from. It is, if you will, up close and personal.

Our typifications of the market are not anonymous but are instead quite concrete. This is not surprising. As Berger and Luckmann (1966: 29) write, the other "becomes real to me in the fullest sense of the word . . . when I meet him face to face." The baker and the brewer are typically not strangers but people that we deal with regularly. We may not rely on the beneficence of the butcher, the baker, and the brewer to get our daily meals, but we do expect to know their names and over time develop meaningful connections with them. In the real world, repeated dealings, not one-shot games, predominate. As such, there is a potential for market relationships to develop into social friendships. As Granovetter (2004: 253) writes, "continuing economic relations often become overlaid with social content." For instance, we buy our weekly groceries from the same stores and through the course of our dealings come to be acquainted with the clerks, the cashiers, the managers, and even the owners. We eat lunch every workday at the same few restaurants and so come to know the hostesses and the waitresses. We attend happy hour at the same bar every Friday night, get our haircut at the same barber every fortnight and use the same accountant at tax time every year and, as a result, we are on a first name basis and become quite friendly with our bartender, our barber, and our accountant. It is quite normal for coworkers to eat dinner at each other's homes and for their kids to have play dates. Most of our experiences in the market are not with strangers. And, though they begin that way, like our interactions at church or in our clubs, the people we routinely interact with in the market do not remain strangers for long.

Moreover, the places we frequent do not exist for us as anonymous typifications. We do not go to "a barbershop." We go to "Jason's Barbershop." We do not go to "a grocery store." We go to "Giant" or "Whole Foods" or "Trader Joe's." Even when we are interacting with a new barber at Jason's or a new cashier at Giant, our frequent interactions with barbers and cashiers at these establishments means that we view them as more than strangers. The organizations that we deal with regularly (and their employees) become entities that we feel that we know, can trust and to whom we want to be loyal.

As such, market relationships can and do develop into social friendships characterized by feelings of trust and, therefore, the potential of betrayal. And, what is more, social friendships often rely on markets. As Rothbard (1993, 85) has argued, "in a world of voluntary social co-operation through mutually beneficial exchanges, where one man's gain is another man's gain, it is obvious that great scope is provided for the development of social sympathy and human friendships." Indeed, as Rothbard (ibid.) writes, by allowing individuals to resolve their differences without violence, by making it possible for transactions to be positive rather than zero sum games, the market creates fertile soil for the development of "feelings of friendship and communion."

As I describe in Storr (2008), a variety of social bonds do often develop in markets or are strengthened because of markets. For instance,

- Coworkers often develop strong bonds because of their common experiences and circumstances (Bridge and Baxter 1992; Henderson and Argyle 1995; Hodson 1997; Zavella 1985).
- Office romance, that has nothing to do with harassment, is a common phenomenon in the contemporary workplace (Williams et al. 1999; Pierce et al. 1996).
- Principal-client, seller-buyer relationships can develop into deep friendships (Butcher et al. 2002; Haytko 2004; Price and Arnould 1999).

- Master-apprentice and mentor-protégé relationships can sometimes grow into social friendships and even father-son, mother-daughter type relationships (Gardiner 1998; Kram 1983).

- Family businesses can serve the income, fulfillment, and identity needs of family members (Kepner 1991).

- Competitors can develop relationships with each other (Chamlee-Wright 1997; Ingram and Roberts 2000).

- Shopping and consuming can be social activities that provide an opportunity for friends to deepen their bonds (Feinberg et al. 1989).

- Geographically dispersed communities and friendships are made possible by the communication and transportation services available because of the market (Parks and Floyd 1996).

Arguably, these relationships buttressed by the market can be as meaningful as connections made outside the market. Additionally, by making geographically dispersed communities possible, the market and the technological developments it spurs allow individuals to maintain the relationships that they value most if they become separated by distance and to be more selective about whom they want to engage. Because of the market, social bonds need not be exclusively with the other villagers but, if desired, social bonds can be maintained with individuals back home even if you leave the village.

Individuals, thus, come to see the market as not just a space for dickering but also as a social space where social content often overlays economic relations and where social friendships are developed and maintained.

Individuals often do not experience the conversation of the market as a conversation with strangers. Moreover, the conversation of the market (as other conversations) is culturally embedded. Indeed, markets can be thought of as an extension of culture. Markets can, thus, differ quite radically in different contexts. Additionally, how we experience the market has a lot to do with the particular social stock of knowledge from which we draw our meanings. As Berger and Kellner (1964: 2) explain, "every society has its way of defining and perceiving reality." "Culture," as Lavoie (1994: 55) explains, "is the level of meaning underneath social action." It is the lens through which individuals make sense of their circumstances and their environment. As Chamlee-Wright (1997: 49) writes, "culture provides the framework with within which entrepreneurs not only notice, but also creatively piece together profit opportunities from the world around them." A handful of Austrians have undertaken qualitative studies that explore how markets work in particular contexts. Chamlee-Wright (1997, 2002), for instance, has examined how markets work in Ghana and Zimbabwe and the role of market women in these contexts. Additionally, Boettke (2001) has described how the cultural legacy of communism in Russia, where black markets are endemic and access to goods often depended on favors and connections, has complicated the transition to capitalism after the collapse of the Soviet system.

Storr (2004, 2006) has, similarly, discussed how economic culture colors entrepreneurship and the nature of markets in the Bahamas. While Bahamian history books celebrate that country's past success with piracy and smuggling, there is also a competing tradition of hard work and entrepreneurship which is equally celebrated. These competing narratives of how to succeed in the market are also reinforced by various aspects of Bahamian culture. The key figure in the country's folklore is B'Rabby, a hero figure who avoids hard work and succeeds by trickery and cunning. Simultaneously, Junkanoo, the major cultural festival in the country, celebrates hard work and creativity. As a result, markets in the Bahamas are peopled with entrepreneurs who are "enterprising and creative" as well as entrepreneurs who are looking "to get something for nothing." The Bahamas' peculiar history and culture have colored the way that markets work in the Bahamas. There are so many small-scale entrepreneurs in the country, for instance, because of the ethos of hard work and creativity which exists and because entrepreneurs in the Bahamas (like their pirate forefathers) have short-term time horizons.

Individuals, thus, experience the market as an extension of culture where relationships become overlaid with social content and social friendships develop. Because market relations do not remain strangers, market relationships have the potential to develop into social friendships. By framing how individuals experience the market, how entrepreneurs perceive of opportunities, how individuals determine which goals to pursue, culture deeply affects the market orders which emerge.

4. Conclusion

> The sociologist, then, is someone concerned with understanding society in a disciplined way.
> [Berger 1963: 16]

> . . . methodology is a necessary and valid part of the sociological enterprise. At the same time it is quite true that some sociologists . . . have become so preoccupied with methodological questions that they have ceased to be interested in society at all. As a result, they have found out nothing of significance about any aspect of social life, since in science as in love a concentration on technique is quite likely to lead to impotence.
> [Berger 1963: 13]

It is my contention that the sociology of the market outlined above offers a richer conception of the market than the one articulated by either mainstream economists or sociologists working in the new economic sociology. For the Austrians as well as for Berger and Luckmann, the market is both objective and subjective reality. As such, any sociology of the market which hopes to full understand the market as a social construction must examine the processes by which markets are created, become objectified, and are internalized. Additionally, the market is a macro-cosmos but, like all social orders, it is experienced by individuals as a micro-cosmos. Consequently, any sociology of the market that aims at complete picture of the market must focus on both how the market order comes in to being and how it is experienced by participants. A Berger-and-Luckmann-inspired and Austrian-informed sociology of the market recognizes that the market is a spontaneous order that is the result of human activity but not human design that are experienced by individuals as not just conversations about prices and profits but also conversations between potential and actual friends.

Although Austrians have done much to develop a rich theoretical sociology of the market, nowhere near enough applied sociologies of markets have been conducted. This failing of the Austrians is particularly worrisome. If a framework is to gain traction, then the value of that way of seeing the world needs to be demonstrated by arriving at critical insights about the world. If an Austrian sociology of the market cannot teach us anything new about markets in Latin America, or Asia or Europe then its value is suspect. Arguably, Berger and Luckmann's enterprise would not have been as successful had it not helped them and others to see new and interesting things about the real social world. Austrians must be concerned with understanding the real social world.

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