“The Market in Global International Society: A Dialectic of Contestation and Resilience”

By Barry Buzan and Robert Falkner
London School of Economics and Political Science

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The English School’s (ES) engagement with international political economy, and therefore the market, has been thin and inadequate (Buzan 2005). This leaves a question as to whether the market should count as a primary institution of global international society (GIS). In what follows, we assume that it does, but have space only to provide some of the supporting evidence.[1] Given that the market is a solidarist institution, the ES’s relative neglect of it matters a lot, because it skews the understanding of GIS more towards pluralism than should be the case. The analytical framework draws on Falkner and Buzan (2019), taking an empirical approach to assessing the emergence and consolidation of primary institutions in four dimensions:

- The emergence of the idea as a norm and set of practices;
- The creation of secondary institutions around the norm and practices;
- The adaptation of states to the norm and practices in terms of their own institutions, behaviours and identities; and
- The interplay of the norm and practices with the other primary institutions of GIS.

This chapter first looks briefly at the core idea of the market as a norm and a set of practices comprising a primary institution. It then unfolds the dramatic story of how and why this institution has, since its first founding in the nineteenth century, generated a powerful dialectic of contestation and resilience. Unusually for a primary institution, it has repeatedly waxed and waned in its strength and influence within GIS. Finally, it looks at the prospects for the market as a primary institution in the light of both its historical pattern, and the conjuncture of conditions and circumstances currently in play in GIS.

The market as a primary institution

The market is a modern idea crystallizing only in the late-eighteenth and nineteenth centuries. Before that, marketplaces, trade, and the idea that supply and demand affected price were practices stretching back deep into antiquity. The market refers to the idea and practice of an economic system of exchange in which independent economic agents interact on the basis of the principles of supply and demand and in a largely self-regulating way. It is the opposite of a command or planned economy, which is based on the

[1] For the full case see Barry Buzan and Robert Falkner, *The Market and Global International Society* (forthcoming).

authoritative allocation of goods and services laid down within a hierarchical political system. Some ES thinkers such as Wight and Holsti (Buzan 2004, 174) have suggested trade as the economic institution. This was appropriate in premodern times, when trade was often governed by non-market principles, especially the taking or granting of monopoly rights by ruling elites. But from the nineteenth century, something much bigger than mere trade was afoot, despite the campaign for 'free trade' being a leading feature of economic liberalism. From a Marxian perspective, industrial capitalism becomes the key institution, defining a political-economic system with free enterprise, private property and free markets at its core. There is thus considerable overlap between the market economy and capitalism, and both terms are often used interchangeably. However, we side with Gilpin (1987, 15-24), who argues that the market is more basic than capitalism, and with Strange (1988, 63), who privileges the market as the concept that best differentiates from the state.

In what follows, we understand 'the market', or what others have called 'market ideology' (Watson 2018, 96-118) or 'market fundamentalism' (Oreskes and Conway 2014, 38-49), as a primary institution. For those promoting and accepting it, the market was a *political* ideology: using the supposed efficiency of the market not only as a coordination system for the transactions of buyers and sellers and as a guiding logic for innovation and investment, but also for the promotion and protection of individual liberty—a system of governance that regulates human interactions in society (Lindblom 2001, 4). Market ideology drew on the legitimacy of modern economics as science to insulate politicians, bankers and businesses from responsibility for making decisions that affect the distribution of wealth and welfare. It was, and is, used 'in an attempt to naturalise market institutions and therefore close off the space for discussing non-market distributional settlements' (Watson 2018, 96). It is in this ideational form that the market fits most closely with other primary institutions of GIS such as nationalism, environmental stewardship, the balance of power, sovereignty and territoriality. This understanding of the market emerged as a global political force in Europe only during the nineteenth century.

It is worth noting that this story could be told the other way around, with economic nationalism and state planning serving as the baseline. This perspective would view economic transactions as embedded in, and governed by, systems of political control. In the seventeenth and eighteenth centuries, mercantilism asserted the primacy of the state and national power—not economic efficiency—in the governance of commerce. While later versions of mercantilism conceded some ground to the market principle and liberal economics (Harlen 1999), the twentieth century witnessed the growth of more radical versions of state-controlled economies: the command economies of the Soviet bloc, authoritarian mixed economies in fascist Germany, Italy and Japan, state-led developmental states in the Third World, and Chinese variants of 'market socialism' or 'state capitalism'. Liberal market economies also underwent a resurgence of mercantilist thinking at various points, most recently with the post-2016 retreat into 'America First' of the US under Trump. From this perspective, the periodic triumphs of market ideology would be viewed as temporary failures or breakdowns of the primary institution of the planned economy or mercantilism.

The market in GIS: change and contestation

We structure this historical sketch in terms of five time periods that define the main advances and retreats of the market as a primary institution of GIS:

- The 'golden age' emergence of the market, nineteenth century to 1914
- War and the retreat of the market, 1914-1945
- The Bretton Woods compromise, 1945-1973
- The neoliberal resurgence of the market, 1973-2007
- Crisis and retreat? 2008-present

In stark form, this periodization suggests a pattern of change that is unusually extreme for a primary institution: flourish, collapse, compromise, flourish, collapse?... compromise? The ongoing contestation between the market and state planning are central to understanding both the change in and the resilience of the institution.

The 'Golden Age': Nineteenth century to 1914

The long nineteenth century (up to 1914) was the initial 'golden age' of the market, when it first becomes an institution of GIS. It did so alongside another new institution, nationalism (Mayall 1990), and two others that became more consolidated: the balance of power and great power management. The nineteenth century saw the overthrow of the longstanding mercantilist/dynastic system of political economy in Europe (Frieden 2006, 1). In Britain, this process ran from Adam Smith's (1776) *The Wealth of Nations*, which laid the intellectual ground for the market's ascendancy, to the revocation of the Corn Laws in 1846 that committed the country to free trade. From that point, the commanding wealth and power of Britain as the first industrial power set the example for the rest. Between 1870 and the First World War, economic globalization was triumphant. The gold standard, free trade, global investment and finance, and a relatively open regime for mass migration that amounted in practice to free movement of labour, all became dominant practices. The gold standard created something approximating a single currency amongst those adopting the policy, even though it lacked a formal legal foundation in international treaties or intergovernmental organizations (D'Artista 2009, 635). It hugely simplified and encouraged trade and foreign investment (Frieden 2006, 5-7), especially in what were then developing countries like the US, the white settler colonies and Latin America. The second half of the nineteenth century also saw the invention of the limited liability company and its move to global scale operations in the form of the modern multinational corporation (MNC), which became a major source of foreign direct investment (FDI) and technology transfer. Stavrianos (1990, 95-6) equates the significance of this development to that of the modern state.

When the system was working well, it benefited most levels of society in industrialized countries, though less so in the peripheral economies of the Global South (Frieden 2006, 122). But the unmediated operation of the market under liberal economic orthodoxy meant that adverse trade balances, or the effects of fluctuations in the price of gold, had to be paid for in unemployment, reduced wages and recessions (Eichengreen 2019, 27-9). Contestation arose from those who had to pay the price: the bulk of the citizens within

countries, and internationally, those countries struggling to advance their own industrialization.

This first economic globalization required extending to international society something like the same ideational, legal and institutional processes and structures that had made national markets coherent: removing local tolls, tariffs and inspections, and providing the necessary collective goods and institutions to facilitate trade and investment. In the absence of global government, the only way of creating and sustaining a global market was if states agreed to coordinate their economic policies and create the necessary international rules, regimes and organizations. This project got rolling during the nineteenth century, sometimes accomplished by agreement (mostly in the case of other Western states), and more often by coercion (especially in Africa and Asia).

But as industrialization spread, trade competition increased, and Germany, the US, Japan and others used tariffs to protect their infant industries from British competition. Unlike the thorough-going opposition to capitalism and the market of Marx-inspired socialism, what these late-industrializing states wanted was to be able to get into the game on equal terms, and to disentangle the general principle of free trade from the particular interests of Britain, which they saw as both its principal advocate and main beneficiary (Frieden 2006, 63-7; Breslin 2011, 1331-5). Marxist opposition to liberalism and the market developed as a radical counterpoint to the emergence of the market as a norm. Socialism undertook to address the fundamental contradiction in liberalism between democracy and individualism on the one hand, and the logic of the market and private ownership of the means of production on the other. It built itself on the rising political potential, both electoral and revolutionary, of the industrial proletariat and its alienation from the exploitative horrors of nineteenth-century liberal capitalism (Polanyi 1957, 163-77; Hobsbawm 1962, 285-306).

The consequences of this turn towards market ideology, combined with the massive increase in the wealth and power of the leading industrial states, are well known. The globalization of economic liberalism was practiced within a colonial structure in which a large, but weak and under-developed, periphery had little ability to resist the impositions of a small, but powerful, modernizing and largely Western, core (Hobsbawm 1987, 13-33, 56-83; Buzan and Lawson 2015). For the first time, industrialism unleashed a wealth of Western products that could be sold to Asia, reversing the balance of trade. It created the first iteration of the modern, vertical, core-periphery global economy differentiated between suppliers of primary resources ('developing' countries) and suppliers of industrial products ('developed' countries), with the former being locked into a system of unequal terms of exchange (Abernathy 2000, 81-103; Darwin 2007, 237-45, 330-8). The majority of the world didn't operate under the market norm except at the wrong end of a very uneven playing field, with imperial states both creating and constantly interfering in the world market (Sassoon 2019, 417).

Despite generating significant reactions against free trade (infant industry protection), the gold standard (labour movements, socialism) and migration (exclusion legislation)—especially during the four decades before 1914—market ideology drove a degree of

globalization not seen again until the 1990s (Frieden et al. 2012, 5). Opposition to market ideology was too weak to undermine it. Workers mainly did not have the vote, colonies had little voice, and late industrializers were more opposed to the particular practices, rather than the principle, of the market.

War and the retreat of the market: 1914-1945

Between 1914-1945, the institution of the market suffered reversals sufficient to put its resilience into question. The global market was not eliminated as a guiding idea during this period, but the idea was increasingly on the defensive in many parts of the core where forms of mercantilist economic nationalism, sometimes extreme, became dominant, and the global practices of market ideology in terms of trade, finance, foreign investment and labour were very sharply curtailed. The First World War shut down almost all aspects of golden-age economic globalization. The major economies attempted during the 1920s to revive pre-war free trade and the gold standard, but after a brief boom, this quickly failed (Frieden 2006, 133-47). Britain was too weak to provide international leadership, while the US was strong enough economically but prevented from doing so by its domestic politics (Frieden 2006, 129-33; Eichengreen 2019, 41-2). Monetary instability (inflation and exchange rate variability) after the war compared alarmingly with the long 'golden age' stability before it. Policy coordination amongst the leading financial powers was too weak to overcome serious divergences in economic policy (Eichengreen 2019, 42-78).

The Great Depression of the 1930s, sparked—but not caused—by the stock market crash in the US in 1929, led to a profound shift in the relationship between the state and the market in the world's leading economies. A combination of global economic imbalances resulting from the convulsions of the First World War and the prevalence of liberal economic orthodoxy turned asset bubble bursts in the late 1920s into a trigger for a worldwide recession, leading to mass unemployment and a sharp fall in international trade (Temin 1989; Eichengreen 1992). Operating within the cognitive limits of the gold standard, many governments failed to adapt appropriately to the new conditions, instead abandoning adherence to international monetary stability and free trade in search of a national economic cure (Morrison 2015). During the 1930s, barriers to trade, FDI and migration went up as governments grappled with the social and political consequences of the economic crisis (Jones 2005, 27-31, 81-4). Different currency blocs and economic spheres emerged (Abernathy 2000, 104-32; Jansen and Osterhammel 2017, 54-63; Eichengreen 2019, 42-6). While Italy, Germany and Japan sought to expand their imperial spheres sufficiently to support their own industrial economies, Britain, France and the Soviet Union sought to hang on to the empires they already had. This turn was reinforced by the anticipation of war and the spread of rearmament programs. Military mobilization was a useful way of both increasing demand in the economy and addressing the high unemployment caused by the depression. By the end of the 1930s, the resurgence of the state in governing the economy and preparing for war had crowded out pro-market sentiment.

As Appleby (2010, chapter 9) notes, there was not only a loss of the optimism that fuels investment and consumption, but also in many quarters a loss of faith in capitalism and the

market themselves. This profound challenge led to an unprecedented expansion of state intervention and the breakdown of the global market. In the US, Roosevelt's 'New Deal' led to a flurry of new laws and institutions that allowed the state to fund large-scale public infrastructure investments, set agricultural prices and shield domestic producers from foreign competition (Patel 2016). Other parts of the world also adopted state intervention, welfarism and protectionism to varying degrees. During this period, both communism (as embedded in the Soviet Union) and state capitalism (the fascist states, as well as periphery countries pursuing import substitution industrialization once they were cut off from world trade and investment) emerged as substantial challengers to the global market. Both the left and right took inspiration from the war mobilizations of economies from 1914 to 1918 (Purseigle 2014). In its various forms, economic nationalism did well enough to pose a real ideological threat to market ideology (Frieden 2006, 205-29).

Even during this nadir, however, when the global practice of market ideology was almost extinguished, the idea of a return to global market ideology remained resilient in the Anglosphere and shaped discussion of the postwar world order. The conferences and secondary institutions around the market set up during the interwar years failed to revive the pre-1914 economic system (Eichengreen 2019, 56-8, 81-5), but they did constitute a bridge between the near absence of market-supporting intergovernmental organizations (IGOs) before 1914, and the rich provision of them after 1945 (Clavin 2013). Even where belief in market ideology remained alive, it was clear that the old model would have to change if the market was to have any chance of reviving from its near-death experience.

The Bretton Woods compromise: 1945-1973

The fate of the market as a primary institution of GIS in the period following the Second World War was partly shaped by the lessons drawn from the interwar experience. The international lesson was that 'if goods can't cross borders, soldiers will', (Gardner 1969, 7-10), which usefully linked the market to existing great power responsibilities for security. The domestic lesson was about the political unworkability of inflicting the unmediated adjustment costs of the gold standard and free trade onto the general population, at least in democracies. But the market was also central to the contestation of the new Cold War between the US, where market ideology had remained resilient, and the Soviet Union, which continued to oppose it. It was also shaped significantly by the difficulties and opportunities that states faced in post-war recovery and reconstruction. As Frieden et al. (2012, 6-7) argue, the lessons learned from the experience of the global economy during the late-nineteenth century and the interwar years were both domestic and international: the supposed self-equilibrating character of international markets was a fiction; managing a global economy required cooperation amongst the great powers; and such international cooperation required public support within the democratic states. The Bretton Woods compromise can thus be understood partly as an attempt to improve the resilience of the market by addressing its adverse effects, and partly as a major modification of the institution of great power management by adding the global economy to the responsibilities of great powers (Cui and Buzan 2016).

The main idea in both Britain and the US was to use intergovernmental organizations to reopen trade and allow a managed capitalism that would sustain the new Keynesian social compact of social democracy and the welfare state (Frieden 2006, 253-71). Bretton Woods was an attempt to have as much of the benefit of free trade as possible, while at the same time restricting destabilizing financial flows and protecting states and societies from both socially disruptive adjustment costs and an unacceptable weakening of state capabilities (Helleiner 1995, 149-55). One of the key mechanisms to enable this gradual market revival was to enshrine the new principles of multilateral economic cooperation in secondary institutions: the IMF and the World Bank (1944), which provided international lending and monetary policy oversight, and the General Agreement on Trade and Tariffs (GATT, 1948), which established reciprocity and non-discrimination as core principles for trade liberalization (Ashworth 1975, 273-9; Best 2006, 135; O'Brian and Williams 2016, 112-20). Together with regional organizations (e.g., the Organization for European Economic Co-operation – OEEC), this system successfully mediated the recovery of Europe and Japan from the devastation of the war. It saw a sustained boom in production, supported social stability and revived world trade. Ruggie (1982, 385-99, 1994) coined the term 'embedded liberalism' to capture this new agreement about the social purpose of the market.

But the Bretton Woods system contained unsustainable flaws that eventually undermined its resilience. With the dollar effectively on the gold standard, the Bretton Woods system required the US to be willing to shoulder the burden of defending the dollar-gold link. By the 1960s, however, domestic priorities began to take over, calling into question America's continued support for Bretton Woods. Successive US administrations were unwilling to pay for the Vietnam war and Johnson's Great Society program with increased taxation (Beeson and Bell 2017, 291). As the US developed a growing trade deficit from 1971 onwards—Europeans and Japanese economies not only recovered but became very successful exporters—Washington came under growing pressure to devalue its currency and thereby break the link to gold. In August 1971, the Nixon administration took the dollar off gold, allowing the currency to drop in subsequent months. After failed attempts to repair Bretton Woods, a further devaluation of the dollar in 1973 sealed the fate of the international monetary system (Frieden 2006, 339-42). A combination of governments' unwillingness to prioritize international monetary stability, in the US but also in Europe, and the growing pressure of currency speculation that had returned since the 1960s brought the Bretton Woods monetary order to its knees (Strange 1991, 35-6).

Bretton Woods was heavily embroiled in the Cold War, which was in good part a contestation about the market. The Soviet Union led a bloc, quickly joined by China, that espoused an extreme form of command economy and economic nationalism and was vehemently opposed to market ideology. In between them and the West were the growing ranks of decolonized Third World states, highly resentful of the exploitation they had suffered as colonies, and often minded to expropriate foreign capital and pursue economic nationalist paths of development (Jones 2005, 67-74). They added a North-South contestation to the East-West one over the market as an institution of GIS. Much of the Global South pursued import-substituting industrialization (ISI) policies and the G77 campaigned for a New International Economic Order, which sought a break with

international market principles to promote price stabilization and economic development. The Cold War thus forced the US to confront the development needs of the Third World, generating another entanglement between free trade and security (Calleo and Rowland 1973; Latham 1995; Eichengreen 2019, 124-26). The Soviet Bloc and China were credible challengers to liberal market capitalism in the Third World, and the US used its foreign aid both to deter communist expansion and promote the market as the only plausible pathway to development (Westad 2007, 27-32). With the Sino-Soviet split in the late 1950s, Mao's China emerged as another ideological and practical challenger on development strategy to both the US and the Soviet Union (Westad 2007, 158-69).

The postwar international economy was thus deeply fractured along ideological lines, pitting pro-market Western forces against communist central planning in the Soviet bloc and statist developmentalism in much of the Third World. The partial recovery of the market under Bretton Woods was only an institution within the Western world, but that world still represented the bulk of the global economy, and the most dynamic areas of growth. Despite its early successes, the Bretton Woods structure was inherently flawed and unsustainable (Eichengreen 2019, 86-8, 124-26; Beeson and Bell 2017, 289-92). It produced stability in monetary relations partly because it restricted speculative financial flows but crumbled as the return of financial liberalization exposed major economies' unwillingness to support a fixed exchange rate system. Because of its exceptional wealth and power after the war, the US was able to make the system work, but the inadequate adjustment mechanisms in the system, and the constraints of US domestic and foreign policies, eventually exposed the design flaw. The stimulative effects of both reconstruction and the expansion of trade meant rising wages in the core. The political position of labour was additionally reinforced by strong unions and the significant role of socialist parties in political life, especially in Europe.

The global neoliberal resurgence of the market: 1973-2007

The period from 1973 to 2007 witnessed a revival of something like the full-blooded market ideology of the last decades of the nineteenth century. The so-called neoliberal revolution had its intellectual roots in the free marketeers' reaction against the expansion of state intervention during the New Deal and Bretton Woods (Patel 2016, 297-8; Slobodian 2018). Following the 1970s stagflation crisis, which revealed the shortcomings of Keynesian demand-side economic steering, neoliberal ideas rose to prominence in Western economic policymaking, starting with the US under Reagan and the UK under Thatcher (Cockett 1995). The market quickly gained totemic status from the 1980s as the cure for the failings of statist bureaucracy and planning and as the guarantor of freedom and individual choice. With China's turn to the market (but not democracy) from the 1980s, plus the collapse of the Soviet Union and Communist central planning in 1991, it seemed for a moment as if liberal market thinking and democracy had scored a decisive victory in the ideological battle between individualism and collectivism (Fukuyama 1992). The question was whether the market could now finally be enthroned as an enduring fundamental norm of GIS.

The initial outlook for the neoliberal revolution was promising. The troubled 1970s were followed by the 'great moderation' from the 1980s through to 2007, with inflation tamed, more economic cooperation amongst the developed states, and more developing countries and former communist states joining the global market economy. After Bretton Woods, global finance rose to dominate the global economy, bringing with it large-scale currency speculation (Strange 1998; Sinclair 2014) and threatening the welfare state across a wide swathe of international society (Milanovic 2019, 51, 154-59). The defection of China from Marxist economics, the collapse of the Soviet Union and the conspicuous success of the Asian Tigers that had taken the path of export-oriented industrialization (EOI) all paved the way for a second golden age of the market as an institution of GIS as much of the Global South opened its economies. Those countries that followed the EOI model were now able to take advantage of both global markets and cheap and abundant capital (Frieden 2006, 414-17, 420-31). China in particular managed to establish itself as the world's manufacturing hub and became a magnet for Western FDI. Slowly but steadily, the 'great convergence' (Baldwin 2016) got underway as developing countries (especially in Asia) embarked on sustained catch-up growth.

This second rise of the market did not come about through uncoordinated unilateral action, as had the first in the nineteenth century. It was orchestrated, and at times enforced, by the World Bank and IMF, which began to use conditionality to promote market-oriented reforms, and from 1995, the World Trade Organization (WTO) as well. The debt crises triggered by financial liberalization strengthened their hand and made structural adjustment programs the price that debtor countries had to pay to receive loans (Frieden 2006, 373-79; O'Brian and Williams 2016, 230-31). The leading powers also expanded their coordination efforts, starting with the G7 in 1975 and expanding it to the G20 in 1999 following the 1997-98 financial crisis in East Asia. This shift marked a significant widening of global economic management (Drezner 2014; Temin and Vines 2013, 248-50).

Global capitalism triumphed in the neoliberal era, but its structural imbalances created a constant threat of crisis. One axis of contestation was between those countries building up big trade surpluses, such as Japan, China, Germany and some of the oil exporters, and those like the US and Britain who built up corresponding deficits. Another axis was between those who recklessly took on unsustainable debt levels to fund domestic investment and spending and those who recklessly lent to them (Frieden et al. 2012, 9-18). Mexico's default on its sovereign debt in 1982 triggered widespread financial turbulence across Latin America. It was followed by a whole string of financial crises in both core and periphery countries (Frieden 2006, 386-92; Eichengreen 2019, 181-99). Global financial markets seemed unable to prevent excessive state borrowing. If anything, herd behaviour in global finance created a 'dynamically unstable' constraint— 'very weak during good times, very strong during bad' (Walter and Sen 2009, 152; Agenor 1999; Chwieroth 2007). The 2008 global financial crisis demonstrated that the North was not exempt from this problem, leading to the biggest recession the world had experienced since the Great Depression (Tooze 2018).

A third axis of confrontation was caused by the globalization of production, which had deindustrializing effects in the developed states, with industries such as steel and

shipbuilding largely going abroad in search of cheaper labour (Frieden 2006, 417-20). Even before the economic meltdown in 2008, an anti-globalization movement was gathering strength in many developed countries (Skidelsky 2018, 371-74). This was fundamentally opposed to neoliberalism's attempt to remove the economy from the political sphere. It was concerned about the damage to the global environment from an economic system that did not factor environmental externalities into its calculation of costs. It was alienated by the rising inequality within states and their vulnerability to both regulatory and state capture by wealthy elites (Blyth 2002, 271-85). It was increasingly worried about the erosion of cultural distinctiveness and national identity by the migration of both jobs and industries. By the first decade of the twenty-first century, global capitalism thus once again faced something like the same dilemma as in the nineteenth century: how to maximize the benefits of an open, global, market economy, while managing the sometimes-severe costs that such arrangements placed on citizens and society.

Crisis (and retreat?): 2008-present

In 2007-08, a massive financial crisis, as in 1929 emanating from the US and then spreading to Europe and beyond, once again exposed the hazards of financial liberalization. Until then, only poorly governed emerging or developing countries were considered to be at risk of such a dramatic financial meltdown. That a sudden downturn in the US subprime mortgage market could bring down the entire financial system in the most advanced capitalist economy and cause a global credit crunch seemed unlikely. At one level, the financial crisis laid bare society's failure to understand and deal with speculative bubbles (Shiller 2012). Its root causes can also be found in regulatory failure: the inability to control murky financial instruments and transnational networks that ended up concentrating, rather than diversifying, financial risk (Blinder 2013). More fundamentally, the crisis called into question the very market revolution that had paved the way for the financialization of the economy (Chwieroth and Walter 2019). Although financial liberalization made vast amounts of capital available for development, the financial sector came to impose ever greater systemic risk on the 'real economy' of production, trade and work. And as the post-crisis responses demonstrated, most states had little choice but save the banking system with multi-billion-dollar bailouts, but without addressing the over-financialization of the global economy (Beeson and Bell 2017, 285-86, 292-97). Only massive government interventions in the US, the UK and elsewhere, including resort to huge quantitative easing and sustained low interest rates, prevented the complete collapse of the economy (Chinn and Frieden 2011, 120-45), yet again debunking the idea that markets were efficient, autonomous and the solution to most problems of public policy (Tooze 2018).

Since 2008, the system has been in turmoil, with rising tensions over trade, investment, financial liberalization and migration—and a consequent hard questioning of the market ideology and a revival of economic nationalism. The turbulence and contestation remain unresolved and appear to have been deepened by the Covid-19 crisis, which put into stark perspective the cost of pursuing economic efficiency without caring about the resilience necessary to deal with unexpected crises. As Frieden et al. (2012, 31-47) argue, in all of the major players in the economic crisis, domestic political priorities have dominated commitments to international cooperation, and those domestic politics—especially in the

West—have been driven by rising hostility to economic globalization (Burgoon et al. 2017). The crisis strengthened the turn, already apparent in the 1990s, of a lot of public opinion against globalization, which became seen as the cause of job losses, falling wages, growing inequality and immigration (Chinn and Frieden 2011, 154-57, 171-74). This drift towards increasing economic nationalism and the winding down of economic globalization was given a sharp push by the wide-ranging and quite deep sanctions imposed by the West on Russia in response to its invasion of Ukraine in 2022. It is easy to imagine, though too early to tell at the time of writing, that these measures will accelerate the global fragmentation of finance, production and trade.

The growing backlash against globalization has also affected other aspects of the international economic order, undermining the domestic support that free trade and investment flows had hitherto enjoyed. Even though global economic institutions initially played important roles in managing the economic crisis (Drezner 2012; Pauly 2017, 187-93), the 2016 US election brought a president into the White House who openly endorsed protectionism and happily entered into a trade war with China (Davis and Wei 2020). Under President Trump, the US was willing to exploit its central position in international financial networks to gain leverage over its strategic rivals. Trump proves Susan Strange's (1988, 28) long-ago insight that the US had not lost its structural power in the global economy; it continues to enjoy the benefits of 'weaponised interdependence' (Farrell and Newman 2019). But structural power is self-destroying if exploited too obviously and too often. Leading emerging powers, most notably China, have challenged the present structure of secondary institutions and the inbuilt advantage it gives to the West. They saw these IGOs as unrepresentative of the new distributions of wealth, power and cultural authority and began to set up their own institutions, both as competitors and as bargaining chips in a long struggle to reconfigure the distribution of status and power in the management of the global economy (O'Brian and Williams 2016, 307-10; Acharya and Buzan 2019, 283-4).

During the neoliberal period, market ideology rode on a wave of belief, backed by elements of calculation and coercion. The economic crisis from 2008, and the continued success of China's statist economic model, delivered some very hard blows to that belief. There was justified concern that the financial sector might not survive another crisis, and while there was no obvious alternative to the existing international financial order, there remained a great deal of hostility to it. Since persistent trade imbalances underlay the build-up of unsustainable debt and the erosion of domestic social stability, belief in free trade also took a heavy hit. This gave political space to economic nationalists, though global access to resources and markets was still widely acknowledged as necessary to prosperity. Labour migration regained its politically sensitive character with the large flows of refugees fleeing wars and the political violence that surged during the second decade of the twenty-first century.

Unlike during the interwar years, there were no systematic challenges to the market like those from communism, fascism or state-led developmentalism. Capitalism may have become the de facto mode of the global economy, but this did not lead to harmony. Indeed, the opening up of a range of varieties of capitalism created real problems of just how much scope there was for an integrated global market economy. Nothing illustrated this better

than the growing tensions between the US and China caused by the different nature of their political economies and the entanglement of those differences both in security issues and in 'unfair' practices in production, trade, finance and labour. The global economy had neither a clear guiding principle nor an obvious alternative.

Outlook and conclusions

The guiding question for this chapter on the market is: How has this fundamental institution been affected by ongoing change and contestation, and what adaptive measures need to be undertaken for it to remain resilient in the changed circumstances of the 21st century? The discussion above has addressed ongoing change and contestation. The question of how to keep the market fit for purpose is, however, much more problematic. Some part of the current contestation is about how to fix the market in relation to production, trade, finance and labour, but some is about whether to downgrade and constrain—if not abandon—the market as a guiding principle as economic nationalism makes a comeback.

There can be no doubt that for most of the past 170 years, the market qualifies as a primary institution of GIS. As Beeson and Bell (2017) argue, it has had deep and wide-ranging impacts on GIS. The historical account of this chapter has shown that at its best, the market can lower the incentives for war and imperialism and generate rapid growth that lifts all boats—though lifting some much faster than others. At its worst, the market can generate huge global crises that impoverish many and incentivize imperialism, entrench high levels of inequality within and between states, expose major vulnerabilities arising from high levels of interdependence that are not robust in a crisis, and provide a battleground over the control and abuse of the rules and institutions necessary to govern the global economy. Only during the thirty years of 1914-45 was the market in serious abeyance. Ever since, the market has been in the ascendancy, playing an important role even in state capitalist systems. But as flagged above, this story could also be told with the planned economy as the centrepiece: economic nationalist and command-economy alternatives are always waiting in the wings. Even when strong, the market was not always a universal principal, as most obviously during the Cold War. Historically speaking, the fortunes of the market link closely to those of the Anglosphere, which has been its principal promoter. To remain a vibrant international norm, it needs to prove itself to be universally beneficial and capable of adaptation to new global challenges.

In the decades before the First World War, market ideology was, like most other primary institutions at the time, resident in the core but applied globally to a periphery which was under varying degrees of colonial subordination. From 1914-45, and during wartime, it was almost eliminated from the core but remained alive as an aspiration in the Anglosphere. Under Bretton Woods, it had a restricted reintroduction within the Western sphere, keeping a lid on finance, and with the Second World and much of the Third, on mercantilist opposition. From the 1980s to 2007, market ideology was once again in the driver's seat, this time on a global scale. Since then, crisis and confusion have returned, with market ideology severely contested and deeply wounded in principle. That said, neither the practice nor the ideology of the market is anywhere near dead: the shadows of the previous four phases all loom large over the future. While the global financial crisis weakened the

orthodoxy of financial liberalization and globalization, it did not offer any clear way forward that had not been tried and failed before. Untrammelled market ideology delivers spectacular results in some places but seems too turbulent and too inequitable to be sustainable for more than a few decades. The market fundamentalism/state regulation pendulum has not stopped swinging.

The market is certainly unusual for a primary institution of GIS in having its opposite (command economy/state intervention) as a constant companion and alternative. This almost certainly explains its other unusual feature, which is the way that since the nineteenth century it has fluctuated back and forth from being a powerful structuring influence on GIS to being marginalized and widely opposed. That pattern is no surprise to economic historians, but in ES perspective it comes as a bit of a shock, as the historical patterns of primary institutions are not generally so strongly up and down. The ES has adopted a fairly linear model in which institutions such as sovereignty, nationalism, colonialism, international law, environmentalism and others rise, evolve with their times, and sometimes become obsolete (Holsti 2004; Buzan 2004, 2014; Falkner 2021). This pattern fits nearly all of the primary institutions under discussion within the ES. There is some fluctuation in other primary institutions such as the balance of power and war (Holsti 2004, 146-50; Jones 2006; Ralph 2010; Buzan 2014, 150-53), but in the case of the market, the cycle is extreme enough to look like fluctuations between periods of robust strength and periods of near extinction.

This dialectical pattern between market and statist control raises hard questions about how to interpret the current weakening of the market in GIS. Is it simply a decline from relatively strong to relatively weak, or is it a second 'death' experience like that of the 1930s? Is Milanovic (2019, 185-87, 207-18) correct to argue that there is no alternative to capitalism, only a choice between liberal and authoritarian versions of it that may themselves be merging? Frieden et al. (2012) seem correct in their immediate prediction of declining political and popular support for economic globalization accompanied by a rise of economic nationalism in both the developed states and the emerging economies. Yet while there is no obvious place to go next in squaring market ideology with society, neither are there any major challenger ideologies about how to structure the global political economy. All of the major powers are now capitalist in some form, which embeds the market in a very significant way. The market still seems to be the most efficient way to pursue wealth and power quickly. The idea that the market serves economic efficiency and innovation remains strong. This suggests that as the market's dialectic between contestation and resilience has unfolded, this institution has moved from the 'expansion' model of GIS to the 'globalization' one. During the colonial era up to 1945, the market was a core institution imposed on the periphery by controlling outside powers for their own benefit. During the Bretton Woods period, the market was largely confined to the West, but used in the Cold War in 'expansion' mode in the rivalry with the communist bloc about development models. From the 1980s, the market moved more into 'globalization' mode, the landmark here being China's independent turn to it under Deng Xiaoping. Thereafter, its adoption by large parts of the Global South was as much or more about independent responses to the successes of the Asian Tigers as it was about imposition from the core. Post-2008, what to do about the market is a global problem.

In the longer run, however, the market looks seriously threatened. International production and trade are under pressure from the unwinding of global value chains for both political and economic reasons. Global finance might be threatened both by the seemingly inevitable instability its liberalization introduces into the global economy and by the socially and politically unacceptable levels of inequality it generates. The global labour market is threatened both by strong political resistance to migration on cultural—and in some cases racial—grounds and by mass automation of jobs at many levels. There are also big—and still open—questions about the impact on market economies of ever more sophisticated AIs combining clever algorithms, huge data processing capacity and vast pools of big data. Will they concentrate ever more wealth and information in the hands of a small number of private firms, exacerbating the inequality problem in various big ways? Could this necessitate and facilitate a shift to a political economy based on universal basic income rather than wages? Could AIs even reverse the longstanding inability of command economies to compete with market ones by providing them with information and management tools vastly greater than anything previously available?

Market ideology is additionally challenged by the way in which its laissez-faire attitude towards regulations and externalities, and its commitment to economic growth, contradict the rising urgency of dealing with climate change, mass extinctions and global diseases. There are potential ways in which the market can adapt and respond to environmental challenges, but not in anything like the stripped-down neoliberal form that dominated its most recent outing as a strong primary institution of GIS. Looking forward, we might therefore conclude that while immediate trends point mainly to a relative weakening of the market as a primary institution, medium- and longer-term ones point to a turn in the dialectic in which market ideology never recovers its dominant position in the global economy.

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