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Markets as Catalysts of Social Change: Expansion, Crisis, and Structural Shifts

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Abstract

This paper examines market dynamics as the leading factor of social change, drawing upon the theoretical framework established by Randall Collins (1990) in his seminal work. The study delves into how markets, as social structures, shape and transform societies through mechanisms of expansion, growth, and crisis. By contextualizing market dynamics within the broader discourse of economic sociology, particularly the embeddedness of markets in social relations (Granovetter, 1985), this paper underscores the fundamental role of market forces in both the evolution and collapse of social structures. The historical development of markets illustrates their deep entwinement with modes of production and social organization, from barter systems to the complexities of global capitalism. Drawing from Marx and Engels' classification of historical social structures-primitive communism, slavery, feudalism, and capitalism-Collins reinterprets the "mode of production" as the "mode of market" to argue that economic transitions are primarily market-driven. The sixfold hypotheses proposed by Collins provide a framework for understanding market transformations: property exchange as a foundation of market relations, stratified market participation leading to inequality, lateral market expansion, qualitative market growth, the rise of superordinate markets, and the inevitable crises stemming from monopolization and systemic contradictions. By incorporating insights from recent economic crises, particularly in the West, this paper critically assesses the limitations of Collins' approach, which emphasizes market expansion but largely omits discussions on economic collapse. It further explores non-economic dimensions of market influence, including political and cultural markets that contribute to systemic change. Ultimately, this study affirms that market dynamics not only propel economic transactions but also serve as a central engine of historical transformation, driving shifts in social order and institutional structures.

Keywords

Market, Embeddedness, Social structure, Social change.

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1. Introduction

The sociology of markets has emerged as a significant field within the broader discipline of sociology, particularly over the past two decades. This growth can be attributed to influential contributions such as Granovetter's analytical paper published in the *American Journal of Sociology*, which emphasized the embeddedness of economic action in social relationships (Fligstein & Dauter, 2006). The impact of markets on society and social relationships has remained a highly debated issue throughout history. In the contemporary era of globalization, no society can be fully understood without analyzing its market structures. Markets have exerted profound influence since their inception, shaping the economic, social, and cultural dimensions of human life. Markets, in their essence, are social structures characterized by intricate relationships between firms, workers, suppliers, consumers, and governing bodies. Although the precise origins of market systems remain uncertain, markets have played an essential role in human history, facilitating trade, resource allocation, and economic organization. Historically, markets have been temporal and spatial structures that enable the exchange of goods, services, and information. Long before the advent of currency, societies engaged in barter trade, which was the dominant mode of exchange until the introduction of monetary systems around 2500 years ago (Kinley, 2001). The development of money revolutionized markets, expanding their reach and integrating economic activities across different societies. Since then, markets have continuously evolved, altering modes of production and social relations. In the current globalized capitalist system, the world without markets is virtually unimaginable.

Social life, which is fundamentally human life, is deeply intertwined with exchange and trade (Slater & Tonkiss, 2001). Exchange occurs in diverse forms, not only across historical periods and cultures but also within any given society at a particular moment. Slater and Tonkiss (2001) argue that modes of exchange are central to

the reproduction of social relationships, coordination of identities, and regulation of economic activities. From this perspective, markets are not merely economic institutions but also social constructs that create new relationships and reshape existing social orders. Marketplaces serve as hubs of interaction where individuals with varying interests and desires converge. However, markets are not self-sustaining entities; they are shaped and maintained by social structures that respond to economic needs. The dynamics of markets have a profound impact on society, influencing class relations, economic policies, and cultural exchanges. Mark Granovetter (1985) initiated a critical debate in economic sociology by arguing that economic actions are embedded in social structures, challenging the conventional over-socialized and under-socialized views of market operations. This embeddedness perspective has paved the way for a more nuanced understanding of how market dynamics influence social structures.

This paper seeks to explore the role of market dynamics in driving social change, considering both economic growth and structural crises. It draws upon Randall Collins' seminal work, *Market Dynamics as the Engine of Historical Change* (1990), which discusses the expansion of capitalist markets as a central force in historical transformation. However, Collins' analysis largely overlooks the crises and contradictions inherent in capitalist market systems. This paper attempts to address this gap by incorporating recent discussions on economic crises, particularly the market failures witnessed in Western economies in the context of globalization. By critically examining the role of markets in both development and instability, this paper contributes to the ongoing discourse on market dynamics and social transformation, emphasizing the need for a balanced perspective that considers both growth and crisis within market systems.

2. Market Dynamics as the Leading Factor of Social Change

The six folds of market dynamics are the leading factor of social change as Randall Collins (1990) has discussed which assist us to clarify our notions though it has many criticisms. Collins has manipulated the Marxian term 'the mode of production' as 'the mode of market' for analyzing the social change which is new concept highlighting the role of market. Marx and Engels classified the main

historical types of social structures into primitive communism, slave economy, feudalism, and capitalism which Collins has borrowed to support his argument and insisted on market dynamics by which each form of social organization undergoes growth, crises, and transformation into another type. I focus on his argument with some illustrations and short critics.

Social change refers to an alternation in the social order of a society. We can enlist new technologies, new ideas, economic power, times of extreme crisis, empowering visions, pervasive skill, new forms of organization, and conditions of systemic collapse as the factors of social changes. These factors are comprised by the market dynamics within it. According to Collins, market has three processes: expansion, growth and crisis for the transformation of the society. Collins has hypothesized market dynamics in six ways. The first hypothesis is each form of market exchange is based upon a particular kind of property. Something must be appropriated in order to be exchange, and exchange consists in transfer of the rights of appropriation (Collins, 1990: 111).

This hypothesis illuminates the core concept of market is the exchange of property which is still the essence of market in the globalized world. Later money was invented which accelerated the effects of market. Collins takes exchange of property as the right which provides by the market. He has forwarded other hypotheses for proving his main argument of role of market for the social transformation: *second*, stratified market participation (tendency of unequal exchange and economic inequality), *third*, lateral expansion (geographically extended), *fourth*, qualitative growth (extensive growth and intensive growth), *fifth*, superordinate markets rising upon media of exchange (long distance exchange and pyramided), and sixth ultimately long-term crisis.

The Marxian term 'contradiction' is applied to the market which is created between the character of markets as stratified participation structured by protective niches and their tendency to expand laterally and in volume. Market crisis occur when superordinate markets become increasingly concentrated and ultimately restrict the market to the point of growing or developing. The super ordinate market has tendency of monopolization and exploitation as in the capitalism in all the stages of social history which creates contradiction within society leading to crisis. This

crisis in the society transforms the whole order of society like from kinship to slave, slave to agrarian and agrarian to capitalism.

The Localized market has face to face exchanges in which custom and surveillance makes fair price resulting low profits with minimum exploitation. Long distance markets provide large profit with maximum exploitation. This optimal level of monopolization of markets create crisis within the market which transforms the social structure. There are other factors comprised by the markets dynamic except economical which drive forward the transformation of the social structure. Collins has discussed about the politics and warfare which are themselves competitive markets for material input (Collins, 1990: 112), stimulate the production of weapons, fortification, and military transportation, and the material means of civil administration for making profit in the market which can be taken as the part of superordinate market creating crisis. The war in the slave markets created new groups of peasants which I am going to discuss in the following section of the article.

The non-material circulation of the superordinate market assists for the transformation of social structure, which is contrast to the Marxist analysis of only material objects. Randall Collins has argued that another superordinate market sector is the production and circulation of cultural goods in the form of religion, education, entertainment and personal display. Market does not have economical motives, but it has political motives too. Markets provide status, visible emblems of group membership and individual ranking. Markets provide status-impregnated objects such as clothing, home decoration, religious icons, or musical instruments and set in motion a process of adjustment in social relationships. Markets exhibit the features of flexibility, which encompass the features of each stage of social history. The competition within the market leads the growth as well as increases the level of conflict and even of physical destruction. The stratifying and cost-accelerating tendencies within markets when it is more politicized create market system periodically into crisis. In this point, Collins clearly depicts that these crises are the turning points of history, bringing about the end of one system of property exchange, and its replacement by another (Collins, 1990: 113).

3. Various Stages of Social Change and Role of Markets

On the basis of the above argument, market dynamics has been historically at the core of social change process. Randall Collins has

coined the historical stage of society borrowing from Marx and Engel to illuminate the role of market in each stage. He has classified various stage of society as kinship markets, slave market, agrarian-coercive markets and capitalist markets temporally as Marx has done.

3-1 Growth and Collapse of the Kinship Markets

In the kinship market, sexual property was the mode of appropriation rejecting concepts of Marx and Engel's primitive community characterized by collective property. Kinship system itself was the central market in the kin-based societies which made alliances with intermarriages. Sex became right and these are appropriated and exchanged. Women were regarded as the medium of system of exchange (Collins, 1990: 117). Collins has borrowed some concept of Levi-Strauss (1969) and admitted that women functioned as money in yet another sense, as stores of value and as producers of children. Women often were the principal workers in material production. A male kinship capitalist who was rich in women was thereby rich in whatever material goods existed.

The growth of population and primary production accompanied the shifts from hunting and gathering to horticulture and horticulture to agriculture. Alliance structures were developed. Those who owned many women, men with paternal right became politically and militarily more powerful. In analyzing the kinship society, Levi Strauss (1969) has discussed about the long-cycle route and short cycle strategy, those who followed the long-cycle became more rich and cosmopolitan upper and those who followed the short-cycle became poor. Thus the kinship revolution started with polarization between two groups which led crisis in the kinship market. New pseudo kin entered in kinship markets with existing kin groups. The varieties of kinship markets appeared in the surface crossing family geopolitics and competition increased. Kinship rules and strategies were constructed in response to the external pressures and opportunities of the tribal world system. In the same time, the kinship rules were breached for there were no mother's brother's daughters.

After the growth of kinship markets, the kinship revolution took place and the state was formed by two ways: one with the military conquest, technological innovation, and ecological caging, giving rise to new organizations- armies, states, priest-hoods, cities which exceeded kinship ties, and second with peaceful transition

through the establishment of temple-based religious or redistributive centres. The politics of status competition within the stratified dynamics of kinship markets broke down the kinship structure of the society and hence, the power of head was determined latter according to the number of servants, soldiers, retainers, and guests. The society became the mixture of kinship and non-kinship forms.

3.2 Growth and Collapse of the Slave Markets

The slave markets transcended with incidental bondage in kinship societies. According to Collins, slavery was the leading market dynamics primarily in ancient Greece, ancient Rome, and their Mediterranean contemporaries (Collins, 1990: 119). The debt slavery, military and administrative slavery, agricultural slavery, and omnipresent slave labours were prevalent in the society. Collins has rejected the proposition for assuming slaves as the producers. He has argued that the central form of property in slave market system consisted of the slaves themselves and hence it is a mistake to regard the slaves as the primary producers. He has further asserted that it was the military who were the producers of this commodity and their productive labour was the fighting that captures the slaves. A victorious state grew richer in slaves. New technologies in military hardware were innovated such like bronze and then iron weapons and armor, siege engines and engineering of fortifications and naval warfare. Slave markets grew both laterally expanding geographically and qualitatively. The slave market showed a strong pattern of pyramiding superordinate over subordinate with more kind of activities and goods.

The crisis on the slave market were seen when the producers the soldiers became alienated labour. The military collapsed after the destruction of property and market system by it own contradictions and civil wars. As military conquests ceased, the supply of slaves dried up. Then the hold on slaves became loosen and the agricultural slaves reorganized into free peasants. The original democracy of the city-states had developed when free peasants found the economic means to arm themselves and to participate in collective organization. Collins has exemplified that the entire military-based economy had fallen which resulted the collapse of slave markets. The Islamic slave-soldier markets were contrast than the Western pattern which was relatively small in scale. Christian

slave traders were the instrument in Islamic slave armies supplied. Later the economy appeared to have increasingly costly slave imports and lower productivity of export goods with which to pay for them. Slave markets depended upon geopolitics and the costs of military power became overextended in relation to the resistance encountered. Collins has quoted that who lives by geopolitics dies by geopolitics (Collins, 1990: 125)

3.3 Growth and Collapse of the Agrarian-Coercive Markets

Agrarian markets depended upon the coercive exchange which is termed as 'agrarian coercive exchange'. Collins has taken the term from Wickham (2017). The agrarian society based upon agricultural production and a militarized state. The society as well as agrarian market was classified into rent-coercion and tax-coercion. In the rent coercion, landowners were powerful who extracted production. In tax-coercion, agents of distant state were coercive forces which monopolized the means of violence. Agrarian market expanded to become superordinate with the help of both rent coercive and tax coercive society. Rent-coercion was the decentralized form and the centralized state attempted to impose tax coercion directly upon the agricultural producers till the state was powerful. A landed military class extracted production for investment in armaments and soldiers. Religious organizations, the means of emotional production, were built to support the aristocratic patronage which was depended on agrarian-coercive societies. These monasteries, temples, and churches expanded social alliances for enhancing agrarian-coercive markets. Collins has termed the feudal dynamic of landed property of Anderson (1974) as 'corporate religious capitalism'. The Buddhist monasteries of China and the Christian monasteries of Europe were involved in accumulating wealth through market production of agriculture and even of industry. These agrarian coercive economies fitted the overall pattern of market dynamics such as a distinctive form of property, stratified market participation, lateral expansion and qualitative growth. The exchanged was first time monetized by the lords and state instead of exchange of goods.

The expansion of agrarian coercive relations was driven by the struggle over rent and tax among landlords, state and peasants. Peasants responded first by increasing production which expanded the agrarian-coercive markets. The expansion of this kind of markets caused the population growth and hence, one of the reasons of crisis

was overpopulation. The internal conflict was seen within Absolutism, between government taxation of aristocrats and aristocrats' extraction of rents from their subordinates. The sale of public offices was found in this stage in order to raise money and the government acted as capitalist manipulating and controlling markets for offices. The government became weak due to venality in the offices. The competition in the markets invoked the downfall of both the state and religious organization. The revolutionary transition in the Europe overthrew and confiscated the corporate property of religious organization and started the secular economy. The Buddhist economy of the China also experienced fiscal crisis and vulnerable to external conquest, but that did not lead China to the modern dynamic of omnipresent capitalism. The large entrepreneurs were absent in the East. However, a market of petty commodity producers was in dominant and there was a thin layer of tax-collecting state bureaucracy from above. Thus, we should analyze the advent of capitalism differently in Europe and Asia especially China. The capitalism became visible in this stage for which Collins has termed 'religious corporate capitalism' which was later became 'secular capitalism' after crisis on the religious organizations.

3-4 Growth of Capitalist Market and Failure of Socialist Autarky

The modern capitalist system was the product of crisis of the fourteenth century, a conflict between the land-owning aristocracy and the agricultural producers, the serfs. Capitalist markets were appeared around the sixteenth and eighteenth centuries along with the long-distance trade in Euroasia. Collins has agreed with the argument of Wallerstein (1974) that a European capitalism world system was expanding with characteristic cyclical rhythms by the sixteen centuries. Slowly, all the dynamics of market has been appeared in capitalism with strong degree. Capitalist market emphasizes the private ownership of the means of production with the goal of making a profit. More and more aspects of factors of productions are drawn into markets (Collins, 1990). Central elements of capitalism include capital accumulation, competitive markets, and a price system. The market became independent politically from the state and Church. Firstly, the travel of long distant by profit-seeking merchants started the Merchant capitalism. In the eighteenth century, the industrial capitalism was developed by investing in machinery. The capitalist market flourished in different stages of

capitalism such as monopoly, colonialism and state capitalism. Now, we cannot imagine the capitalism without market. All aspects of society are commodified and no society can exist without the market. People are not taken as producers, merely consumers. Market dynamics has dominated quantitatively and all other structures are reduced to minor roles. Every sector such as education, development, population, culture, politics and society etc. are penetrated by market dynamics. Meta markets are developed along with development of banking, stock exchange, debt and investment, and divorce profit from production. Superordinate markets, the vertical pyramiding of markets is strongly proliferating and everything is commodified. Collins has admitted that capitalism is an omni-market society (Collins, 1990:132). Capitalist market is still in superordinate position by accommodating great depression and huge wars. These World wars were fought for enhancing the capitalist market. In the growth of capitalism, the socialist market lacks the self-propelling forces of expansion and innovation and gets pressures from the world financial and trade structures. It is integrated with world markets. Russia and China also are pulled into world capitalist markets. Socialist markets are seemed to disappear by giving triumph of global capitalism. However, the superordinate capitalist markets produce crisis within itself to transform the existing social structure.

3-5 Globalized Markets

In the present world, we cannot analyze the role of markets in the transformation of the society without assessing the recent trend of globalized markets which are superordinate market proliferated with hegemony and transnational corporations and organizations. It is the process of international integration and interchange of products, ideas and other aspects of culture. Douglas Kellner (2002) has illuminated that globalization involves both the capital markets and sets of social relations and flows of commodities, capital, technology, ideas, forms of culture, and people across national boundaries via a global society. As the markets demand, new technologies are innovated. The invention of new information and network technology such as internet assists superordinate markets in new modes of exchange. More and more companies go out of boundary to realize international operation, becoming the leading actor of production globalization due to the development of transportation and neoliberal policy of free market. Capitalism becomes truly world system in

globalization. The restructuring of capitalism to ‘technocapitalism’, synthesis of capital and technology grounds the globalized market (Kellner, 2002: 289). Economics, politics and culture are homogenized under the globalized market and state becomes weaker and helping agents of that kind of market. Local markets are shrinking and integrated with global market, termed as glocal markets (O Riain, 2000). The markets are integrated at a number of different level at the macro and micro economic level. The integration of markets requires reassessing the new configuration of the social activities. Globalized markets are rapidly changing the society than other markets in the history using various means. Giving more emphasis to the production for the markets is not justice to the production of non-market things inside household and society.

4. Critics on the Role of Market

Randal Collins has not discussed about the crisis on the capitalist markets even though these are undergoing several crisis and many questions are raised against these. However, he has mentioned that the crisis on the markets change the social structure as his main thrust of argument. Yet, the capitalist structure of society is not changed. The market failure, destabilized financial system paves way for thinking about regulatory solutions that can address these failures (Aikins, 2009). He further has argued that mutual co-existence of the market and the government is beneficial to society, and that periodic global financial crisis occurs because of failure to learn from history and effective regulatory governance. Free market capitalism creates its own crisis. The major change of public sector reform in the 1980s and 1990s resulted in privatization, outsourcing and load shedding of public responsibilities. The panic created by market failure in the recent years is compared to the 1930 great depression. The banking and financial crisis that began in 2008 is rooted in liberal markets which needs appropriate adjustment of the regulatory environment learning the history of crisis in market. The allocation of goods and services by a market is not efficient. The low economic growth, high unemployment and higher degree of inequalities are produced by the market failure that the government could not solve. The big corporate companies and banking organizations are bankrupted day to day. The movements like ‘Occupy Wall-Street’ are permeating in the world against increasing unemployment and inequality in appropriation of property which is creating threat to self-regulatory mechanism of capitalist markets.

The role of market in the transformation of society is under-socialized matter as argued by Granovetter (1985). Markets are embedded on the social relationship and these are only the medium of exchange. Markets are highly manipulated by the politics, especially capitalist. Markets are not autonomous and rational entity which is applied in laissez-faire. Markets have been always exploitative in nature culminating inequality in the society. The capitalist markets are more tyrannical. Markets are always in crisis and tend to be failure. Socialist and cooperative markets are the alternatives for the capitalist markets directed by the central government. It is observed by 2008, these state-owned corporations have become increasingly dynamic and generated lots of revenue for the state, with the state-sector leading the recovery of economic growth in 2009 in the wake of the financial crises. Western capitalists' markets are seemed in crisis and they are trying to return to the state-controlled markets. When markets fail, state plays important roles to solve the problems. So, it is the society which adjusts and flexible to change. Markets do not have self-correcting mechanisms (Dembele, 2009). Dembele has argued that the first important lesson is the collapse of market fundamentalism. The crisis shows that the emperor has no clothes anymore. The collapse of the neoliberal dogma is a major blow to the international financial institutions (Dembele, 2009: 4)

5. Conclusion

Market dynamics have been a fundamental force shaping social structures throughout history, transitioning from kinship markets to slave economies, agrarian-coercive systems, and ultimately capitalist markets. Each stage represents a transformation in economic organization, power relations, and modes of production, as theorized by Randall Collins, who builds upon the ideas of Marx and Engels. The kinship market was structured around familial alliances, where wealth and property were exchanged through social and sexual relationships. This evolved into the slave market, where military conquests and forced labor became dominant economic forces. The agrarian-coercive market further intensified control through rent and taxation, leading to the emergence of capitalism, which emphasized private ownership, industrialization, and global trade. Capitalism, in its various forms-from mercantile to industrial to financial capitalism- has continuously reshaped economic and social relations,

commodifying all aspects of life. Although socialist alternatives have emerged as counter forces, they have struggled to sustain autonomous market systems and have been increasingly integrated into the dominant global capitalist framework. In the era of globalization, market dynamics have intensified through transnational corporations, neoliberal policies, and rapid technological advancements. These transformations demand a critical reassessment of the role of markets in shaping contemporary societies.

The relationship between market dynamics and social structure is dialectical, characterized by expansion, crisis, and transformation. As markets evolve into superordinate stages, they bring about social change but also generate contradictions that disrupt societal stability. The expansion of global markets, facilitated by technological advancements and international trade, has accelerated the pace of social transformation. However, this integration has also led to cultural homogenization, economic inequalities, and systemic crises. While laissez-faire policies have allowed markets to expand, the persistence of economic instability raises questions about the limits of self-regulation and the role of state interventions in mitigating crises. The globalized capitalist market, despite its dominance, faces ongoing tensions that necessitate adaptive mechanisms to address emerging challenges. It is essential to recognize that market forces alone do not drive social change; political, cultural, and technological factors play equally significant roles. A comprehensive understanding of social transformation must go beyond economic determinism and incorporate a multidimensional perspective that accounts for the interplay between market dynamics and broader societal structure.

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