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Dissonant vs. Complemental Thoughts? A Reply to Comments

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First of all, we would like to thank Patrik Aspers and Niccolò Casnici. We are honoured that they commented on our article and we greatly appreciate the time and effort they invested (Aspers, 2018; Casnici, 2018). Moreover, we are delighted to see that our thoughts and propositions about the market, which are by no means self-evident and commonly accepted, have entered a stimulating interplay with related ideas and concepts and conjugated with Aspers' and Casnici's knowledge and experience. Without intending to placate the debate when there should be quarrel or to hijack their thoughts for our argument, we would take both comments as complemental elaborations which directly and indirectly suggest that we somehow hit the mark. We are well aware that Aspers senses some dissonance with regard to our reading of order and disorder, that Casnici makes a strong plea for empirical research as somehow opposed to our theoretical approach, and that he also wants to bring individual behaviour back in. Yet in all these cases we feel that the dissonance or opposition is rather superficial and that the commonalities between our approaches prevail. We would like to illustrate this with some brief explanations.

To start with, we could not agree more with Aspers' putative objection concerning disorder, which, as he argues, is not the overarching theme in markets. Aspers himself bases his argument on the hypothetical assumption that we might think differently in that regard — an impression that might be possible after reading our paper but that was not intended by us. Yet even though there is no disagreement on that level, Aspers' interpretation and reaction indicate that it is worth to spend some more effort on the clarification of (dis)order, (un)certainty or, maybe better, complexity. Aspers presents his typology of markets and the related examples as well-proven solutions or problem handling processes in relation to the problems of disorder and uncertainty. Order, in this perspective, appears as the opposite of disorder: both try to eliminate each other. We do not exclude ourselves from this reading of order but would like to stress two different points.

First, our approach to markets sets in earlier, which includes the uncovering of the problems caused by markets — thus Aspers' approach offers an answer to the problem that we are stressing. We would also like to underscore that Aspers' typology of markets on the one hand and his examples of concrete market settings on the other hand should not be considered as an ultimate or everlasting solution of the problem of disorder (problems can be treated but will not vanish anyway). Even though some specific markets appear as stable and some market participants have vested interests to maintain a particular order, we would like to stress that market participants can possibly introduce new forms of dealing with disorder and uncertainty by performing alternative observations and by drafting different projections. Therefore, any order, although it may be stabilised and function over a certain period, may be challenged and change at some point of time — and any theoretical approach to markets should take this into account.

Second, Aspers' reading of our argument suggests that it is worth to highlight a notion of order other than the one that his typology implies. In this regard, we would like to put forward our understanding (which is in line with von Foerster's concept) of order as an emergent phenomenon. Therefore, the interrelationship of communications of exchange, observation of competitors, and prices might be compared with the trinity of the chicken, the egg, and the rooster (for the metaphor see von Foerster 1979/2003, p. 284): neither is it possible to say what was first, nor can one close this circular argument by pointing at what was last. The market is a social phenomenon which emerges out of recursively generated elements which are nothing without their counterparts — all three are needed in order to have all three. With this reading, we follow the tradition of Luhmann who stressed that order or system building must be seen as a way of dealing with complexity. Here, complexity is defined "in terms of a threshold that marks the difference between two types of systems: those in which each element can be related to every other element and those in which this is no longer the case. In information-theoretical terms, complexity designates a lack of information that prevents a system from completely observing itself or its environment. Complexity enforces selectivity, which in turn leads to a reduction of complexity via the formation of systems that are less complex than their environment. This reduction of complexity — Luhmann speaks of a complexity differential (*Komplexitätsgefälle*) between system and environment — is essential. Without it, there would be nothing, no world consisting of discrete entities, but only undifferentiated chaos" (Knodt, 1995, p. xvii). Thereby and with regard to our understanding of order and disorder, it is important to add that complexity does not disappear as soon as the system emerges but is rather sublated (*aufgehobene*) complexity. We do not want to claim that Luhmann's and von Foerster's propositions are the only true, but we would like to stress that order, as we envision it, has to do with emergence and that many apparently contradicting strands of research on markets can be instructively related to each other if the interplay between order and noise, the issue of complexity differential, as well as the sources of uncertainty, disorder, and noise are taken more seriously.

The issue of complexity brings us to Casnici's comment, who substantiates his remarks and objections with a broad range of references indicating us how much more thoughts and concepts can be related to our paper. Casnici explicitly and carefully reflects the various sources of uncertainty, noise, and disorder and rightly points to recent technological developments that have "modified the traditional market landscapes." With regard to complexity, however, he also differs from our point of view or, more precisely, he argues that we might overestimate the cognitive capacities of real market participants. Once more, however, we see more complemental than dissonant thoughts: Casnici indeed has a point when he recommends to empirically capture the wide range of techniques that economic agents consciously or unconsciously employ in the light of unreducible complexity. We are also convinced that the classifications and taxonomies that he adds to the debate are helpful to further investigate this field. But we would also like to stress that Casnici's interests differ from ours. Our research interest first and foremost focuses on the social order of markets and consider the social in general and the market in particular as emergent phenomena that cannot be reduced to certain elements or necessary conditions like, for example, the existence of individuals. In this vein, and in the tradition of the Luhmannian sociological systems theory, both the social and markets require individual human beings as a necessary condition, yet they are of a different quality than individuals. This having said, we do not intend to disparage Casnici's approach. Quite the contrary, the literature he cites and the arguments he makes strongly suggest that it would be empirically interesting and analytically instructive to take individual behaviour into account. Yet we would like to stress that, for our argument and market definition, a precise and detailed knowledge about the cognitive, structural, and cultural mechanisms of dealing with complexity appear secondary. The same holds true for the four devices mentioned by Casnici (i.e. habits, social structures, social relationships, and power). For our argument, it suffices to note that market participants engage in observing others, that market-related communications can be observed by others, and, therefore, that any attempt to reduce complexity will inevitably increase complexity. In the light of this, we fully agree with Casnici's observation that our approach includes the individual actors only in abstract form, yet this does not imply that we consider them as irrelevant for real markets.

We would have a similar response to Casnici's strong plea for further empirical research. We would be pleased to see if our theoretical elaborations inspire empirical research and we are, of course, ready to attune our ideas to new empirical findings. Empirical and theoretical approaches should not be played off against each other anyway. We do, however, believe in the cognitive power of theory, i.e. in the chances of enlightenment by operating with distinctions and by striving for terminological clarity. In this vein, our theorizing began with an intensive observation of the claims and the — both explicit and unspoken — implications of different market approaches (cf. Swedberg, 2016). In a second step, we tried to reconcile, integrate, and relate the varying approaches. It is here where we see our main contribution to the debate. For that purpose, further empirical research would have been futile because the discussed approaches to the market already presented empirical data that convincingly substantiate their respective claims. While we are convinced that for our purpose theoretical research was necessary, we see and accept that in the case of the problems that Casnici envisions the situation is completely different. It is indeed an open and important empirical question what kind of techniques — like for example, mimesis, advice, fashion, and habit — individuals might use when acting on a market.

To summarize, our primum movens to engage in the analytical debate on markets was the observation that there is, despite the broad range of literature, little consensus about a definition of the market. Moreover, we were struck by the finding that many of the currently existing strands of research about markets, notwithstanding their individual merits, are poorly related to each other. Therefore, we were looking for the missing link, the common basis, and the analytical core of markets. Certainly, we are constructivist enough to know that there is no such thing as absolute truth. Nevertheless, Aspers' and Casnici's constructive and stimulating reactions show us that our approach is heading into the right direction since both authors were able to connect their knowledge, research experience, and research interests free and easy with our propositions about markets.

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