

Research Agenda

Max Planck Sciences Po Center on Coping with Instability in Market Societies

Periods of stability—periods of instability

Contemporary societies have experienced periods of stability as well as periods of instability. After a dramatic period in the first part of the twentieth century which culminated in tumultuous instability in the Western world, with wars of mass destruction, revolutions, economic crises, and massive social transformations, the three decades following World War II were characterized by strong economic development and stable political and social structures.

Starting in the 1970s, societies became increasingly challenged due to economic and cultural shifts. Accentuated social differentiation led to more individualized cultural forms which contributed to the destabilization of traditional social structures, such as the family. Economically, repeated recessions and the slow-down of long-term economic growth fueled unemployment, shortened job tenure, and threatened the viability of firms. Moreover, the increasing reliance on markets for steering not just the economy but institutional spheres such as health care and government services as well contributed to the destabilization of interest groups and organizations.

Systematic reliance on price signals and the introduction of competitive structures have opened up new opportunities and room for improved coordination. However, a wider range of activities regulated by the price mechanism increases volatility. It threatens to disconnect the market-dominated institutional spheres from their social embeddedness. In the case of financial markets, not only did financial volatility double in the long run from the 1960s to the 2000s, but the volume of financial activity also increased dramatically (multiplied by 13 in the United States), through wider securitization of assets and faster turnover. Financial crises came back to the global economy together with increasing volatility of financial markets. Deregulation, liberalization, and privatization strengthen the role of market forces.

The postwar period of relative social stability was an exception rather than the norm: an ideal impossible to maintain over the long run, difficult to imitate, and often not even normatively desired anymore.

Instability resulting from marketization and cultural shifts may induce dramatic political reactions

The instability resulting from marketization and cultural shifts may induce dramatic political reactions. As Karl Polanyi noted, during the nineteenth century the commodification of the three fictitious commodities—labor, land and money—provoked profound tensions. It also led to strong political demands for state intervention and authoritarian government in the interwar period. Currently, societies are witnessing a set of social and political reactions to inequality and imbalances including the return of authoritarianism and populism. Meanwhile, capitalist societies today also seem to be able to mobilize a multitude of stabilizing practices which legitimate high levels of inequality and market risks that might otherwise appear unacceptable both on the individual and the collective level.

Unwilling or unable to return to the post-war regulative structures which constrained markets through state intervention, individuals, organizations, and states seem to cope with instability—for the time being. They do so by identifying, naming, measuring, forecasting, calculating, mitigating, and regulating sources of instability when they become intolerable. Coping may also mean to adapt individually to continuously changing demands. Actors also use instability to govern and dominate. In this process, coping with instability at one level often contributes to instability in other social spheres.

How do societies attempt to manage instability?

How do societies attempt to manage instability? What is the scope of the different coping mechanisms at stake? MaxPo research groups focus on different levels of analysis—from individually coordinated to socially shared to politically imposed actions:

1. Anticipation, forecasting scenarios, and diverse methods for predicting the future are means of defining and thus stabilizing future instability by foreshadowing the type of strategies that actors will adopt.
2. Micro coordination through networks is a way to achieve reciprocal support, to set norms, and to foster local solidarity and therefore mitigate instability that can affect specific groups.
3. Socio-technical market devices promise to classify and quantify instability and turn it into a commodity. They thus frame the rules that apply to the management of instability and allow anticipation.
4. Finally, politicizing and depoliticizing instability in order to promote or contest direct state intervention or regulatory frameworks continues to play a role in the management of market societies.

The Research Framework 2017–2022

For the coming five-year period, MaxPo comprises two research groups: *The Power of the Future: Conditions of Political Possibility for a Post-Crisis Era*, led by the new MaxPo co-director, economic historian and political scientist Jenny Andersson. It focuses on how contemporary societies struggle over the prediction of the future as a way of managing instability. The research group *Financialization, Transformation of Labor Markets, and Booming Inequality* has been led since 2013 by MaxPo co-director and sociologist Olivier Godechot and studies how individuals coordinate on labor markets in order to stabilize labor market outcomes such as wages or jobs.