**The American spirit: The performativity of folk economics in global financial markets**

Inspired by Austin's (1962) conceptualisation of utterances as performative, that is, they do things rather than merely represent, research has shown how scientific theories can become performative in financial markets. Research also shows that brokerage and investment work is as much about using everyday knowledge of markets as it is about performing scientific theories. We investigate whether and how this knowledge or what Swedberg (2018) calls 'folk economics' can also be performative. We focus on Borsa Istanbul, an emerging market where market actors perform what we call "the American Spirit" - a ubiquitous folk theory that frames and plots the Turkish market as one that moves in tandem with American and other developed markets - and in the process become better market forecasters. Our findings have implications for the study of folk economics and performativity in global economy and finance.

Keywords: Folk economics; Folk theories; Performativity; Narrative economics; Finance, Globalization

# **Introduction**

Performativity studies on financial markets (MacKenzie 2006, Muellerleile 2013, Braun 2016) demonstrate the symbolic and material evolution of finance practice towards the financial economics' fundamental axioms that investors are informed and rational; this is generally embodied in finance professionals performing scientific theories in their marketing, brokerage and investment work for investment organisations. One question that remains is *whether* and *how* other theories may come to perform market processes and outcomes just as scientific theories do in financial markets (Caliskan and Callon 2010) As studies on lay (i.e., retail) investors (Harrington 2008, Roscoe 2015) and finance professionals (Davis 2005, Thompson 2013) demonstrate, financial knowledge comes from not only financial economics or 'episteme' but also ‘folk economics', that is 'everyday knowledge' of markets and the economy found 'in the household and the workplace' (Swedberg 2018). This discourages us from privileging scientific knowledge over everyday knowledge in the study of ‘economic performativity’ in financial markets (Lansing 2012). We therefore turn our attention to workplaces, where financial analysts, brokers, retail and professional investors perform everyday knowledge of markets and specific 'folk theories' (Rip 2006) in what Caliskan and Callon (2010) describe as 'market maintenance' work, such as marketing, brokerage and investment.

Our exploration took place in an emerging market context, that is, Borsa Istanbul. Over the last two decades, the bulk of the trading volume in Borsa Istanbul (over 70 %) has been generated by Turkish retail investors owning only a fraction of the shares (less than 20 %) - the remainder owned by global and local professional investors (see Figures 1 and 2). This ownership and trading profile is typical of emerging markets (Barber et al 2007), unlike those in developed markets, which are dominated professional investors (Davis 2005). This has also made Borsa Istanbul one of the fastest stock markets in the world (see Figure 3). As such, Borsa Istanbul constitutes an instrumental case to study folk economics and its theories, which may co-exist with those of financial economics and have ‘performative effects’ (MacKenzie 2006), given the magnitude of lay investor activity. Our data is unique as we have *in-situ* observations on how lay and professional investors and their brokers interpreted and predicted the course of markets with their naturally occurring utterances on the past and future trajectory of markets. We analyse this utterance dataset in relation to how market actors theorized on markets and performed these theories in their market maintenance work.

Figure 1 - % of annual trading volume by investor type in Borsa Istanbul

Source: Turkish Capital Market Institutions annual reports

Figure 2 - % of share ownership by investor type in Borsa Istanbul.

Source: Turkish Capital Market Institutions annual reports

.

Figure 3- Share turnover ratios by investor type in Borsa Istanbul

Sources: World Bank, Turkish Capital Market Institutions

Note: Ratios show the proportion of trading volume to share ownership and calculated according to Barber et al (2007, 430). Borsa Istanbul (160%) led its peer countries in Europe and Central Asia (109%) and the world (128%) in turnover in the same period (Source: World Bank)

We find that our interlocutors irrespective of their market identity theorised the Turkish market as a global market that moves in tandem with developed country markets. Moreover, they performed this theory in their marketing, brokerage and investment work. We call this theory a folk theory because we find its origins not in financial economics but in the 'everyday knowledge' and 'experiences' (Swedberg 2018) of our interlocutors concerning the increasing links of Turkey’s economy and market with the global economy in the 2000s when we conducted our research. We call this folk theory *the American Spirit* firstly because in its ‘performation’ (Callon 2007), our interlocutors heavily relied on the US market and economy as ‘actants’ (Czarniawska 2004) that they theorized to move the Turkish market. Our interlocutors referred to these US actants with the metonym “Amerikan [American]” (e.g., “Amerikan datasi [data on the US economy]”. Secondly, this folk theory was widely performed, and thus had ‘generic performativity’ (MacKenzie 2006) in Borsa Istanbul. As such, the word *spirit* in the American Spiritrepresents a ‘particular way of thinking […] behaving […] that is typical of a particular group of people, an activity, a time or a place’ (Cambridge Dictionary Online, n.d.), that is, lay and professional investors and finance professionals and their marketing brokerage and investment work in Borsa Istanbul at the time of our research.

We also demonstrate that the American Spirit as a folk theory was performative in an ‘effective’ sense too - namely, a theory having an 'effect on the economic process in question' (MacKenzie 2006). Our interlocutors’ market predictions heavily relied on this folk theory and, when performed, the American Spirit increased their accuracy. We also note the econometric evidence generated by financial economics on Borsa Istanbul’s connectivity with US markets, and demonstrate how the American Spirit’s performation constituted, to use MacKenzie’s (2006) words, not just a ‘camera’ but also an ‘engine’ of this market reality in Borsa Istanbul.

Our findings demonstrate how mundane market work (Caliskan and Callon 2010) may feature the performation and performativity of folk theories on any aspect of the economy, whose origins are in actors' historical and everyday experiences, independent of what financial economics theorises and finds about the phenomenon in question. In the next section we review the literature on performativity in financial markets and introduce folk economics to extend its scope. Then, we introduce our methodology and present our findings. Drawing on our findings, we expand our discussion on the differences between folk and scientific theorisations on the economy, and discuss the implications for the performation and performativity of scientific and folk theories. We conclude with our findings’ broader implications for the study of folk economics, its performation and performativity.

# **Scientific theories, performativity, and folk economics**

The performativity research on economics not only demonstrates how economics as a specific form of discourse has come to be involved 'in the analysis and transformation [and] configuration of the markets' but also shows how these 'illocutionary effects' have come about with the right felicitous conditions (Callon 2007). In the case of financial markets, the performativity literature demonstrates the felicitous conditions to be generally concerning the successful incorporation of specific scientific models, such as Black-Scholes on options-contract pricing, into what are called 'socio-technical arrangements' or actants (e.g., option traders) (MacKenzie 2006, Muellerleile 2013). These are assemblages of human and non-human actors, theories, and texts that act and are acted on by other socio-technical arrangements. As a model is widely inscribed into socio-technical arrangements in a market, these arrangements' specific calculative devices and acts perform the market; the model does not describe market reality, it performs it (Callon 2007).

As Callon states (2007, 323), any ‘statement’ when once inscribed into socio-technical arrangements enacting the world accordingly are prone to refutations or 'overflows' by 'the entities that they assemble'. Such 'misfires' are 'the general rule' in the performativity of statements (Callon 2010, 164). What is then more interesting is the exploration of the 'performation' process or 'perlocutionary effects'- that is, how statements by academic and practitioner economists come to be inscribed in socio-technical arrangements, and provide the felicitous conditions for their 'illocutionary effects' (Callon 2010, 164). This exploration can also show why performation of a theory is not just a self-fulfilling prophecy of beliefs or arbitrary ideas. The actual strong performativity of these statements or the 'verisimilitude' that they have in real markets is a matter of further research, bearing in mind the overflows and opposing or cooperating 'co-performations' by other socio-technical arrangements (Callon 2007).

As MacKenzie (2005) describes it, financial markets are highly 'scientised and technologised'. In workplaces and sites of modern finance, science is ever present as part of the socio-technical arrangements and gets involved in what Caliskan and Callon (2010) describe as 'types of framing [the market]' such as 'market design and maintenance', and 'price-setting'. However, this involvement happens in varying degrees of scientific legitimacy and rigour. For example, passive index funds are transforming the asset management industry by performing the Nobel prize winning efficient market theory (Braun 2016) that condemns active fund management (Fama 1995). Professional investors perform a less pure version of award-winning scientific financial arbitrage theory to correct price discrepancies in similar assets (Beunza et al 2006). Last but not least, retail and professional investors use technical analysis (Roscoe 2015, Thompson 2013), which modern finance theory condemns as 'astrology' in efficient markets (Fama 1995) but sociological research (Preda 2004) demonstrates to be similar to scientific methods in its 'techniques of theorisation' (Callon 2007). There are also practitioner models, blending scientific and practitioner theories and helping market actors value and forecast individual assets, for example, discounted cash flow (DCF) in the so-called ‘fundamental analysis’ (Fama 1995), and calculate probabilities of market events and discern how others do it as a ‘coordinating device’, for example, ‘spreadplot and implied volatility’ (Beunza and Stark 2012).

Moreover, market actors are shown to engage in what Zaloom (2003, 266) calls 'market chatter' - namely, 'develop[ing] a narrative around the patterns of the market' too. These conversations that happen among professional and lay market actors can be representative and generative of what Preda (2004, 354) describes as ‘vernacular knowledge' - that is, 'tacit, commonly shared assumptions and knowledge' derived from market experiences and observations and 'oriented towards solving everyday problems'. The existence of vernacular knowledge may also be seen as the result of actors’ awareness of the limits of the applicability of scientific theories and models in 'the real world' (Coleman 2014), and actors' eagerness to bring sociality back into the abstractions that scientific theories, associated framing devices and market screens generate in post-social anonymous markets (Zaloom 2003, Beunza and Stark 2012). As Caliskan and Callon (2010) note, 'lay knowledge' is as relevant as scientific knowledge to 'many operations [necessary for] market maintenance' such as marketing, brokerage and investment, though their review of the literature does not say much about it and its performativity. Concomitantly, a question arises on the nature of finance practitioners' knowledge, and whether those that do not come from science can be performative.

One concept that can help to answer these questions is 'folk economics' (Swedberg 2018). Similar to the study of other types of 'folk science' (Rip, 2006), folk economics concerns the study of how people other than scientists theorize about an economic phenomenon in question by way of conceptualisation, categorization, and establishing causality (Swedberg, 2018). Because these theorisations 'colour' people's interpretation of experiences and generalisations thereof (Rip 2006), folk economics is interested in how these theorisations affect the ways people behave in households and workplaces, and in the economy (Swedberg 2018). As such, it provides a scope to study lay theories and their performation.

As explained by Rip (2006), folk theories' ‘robustness’ depends on their degree of acceptance in a given group or broader culture as well as whether they are subjected to systematic validity checks. Swedberg (2018) proposes the concepts of 'communities of discourse’ and ‘primary and secondary […]doxic [knowledge] communities' to conjecture such dynamics. Communities of discourse is similar to 'epistemic cultures' but without privileging specific sites and specific groups of people (e.g., scientists in labs) for the study of knowledge generation (Cetina 2007). Everyday experiences in household and work places are generative of primary doxic communities. Consequently, they share common ways of thinking, representations, and acting (Swedberg, 2018, 10). Secondary doxic communities refer to people and their theorisation on phenomena with which they do not have direct experience. Consequently, secondary communities and their theories are more 'fragile and fragmented’, and thus more open to 'challenge [and] manipulation', unlike primary doxic communities (Swedberg, 2018).

Swedberg (2018) argues that economics has reduced the study of folk economics to exploration of people's ignorance of the scientific economic theories and findings. Yet, he acknowledges 'narrative economics' (Shiller 2017) as a new strand of economics research on folk economics. Narrative economics explores the role in and impact on the economy of the narrative mode of thinking, which is the dominant mode among humans as opposed to the logico-scientific mode (Bruner 1986). While narrative economics focuses on viral phenomena, Rebonato (2013) points to finance professionals' modelling of market events or 'macro level stories' in spatio-temporal or narrative terms (e.g., “Oil price at $ 200”), and how these narrative models may colour professionals' judgements and decisions (e.g., they may ignore information 'inconvenient' to the model). These studies provide theoretical insights into how individuals in households and professionals at work think and act in different domains of the economy.

Although Swedberg (2018) may be right in arguing that sociology has hardly studied folk economics as a concept (cf., Preda 2004 on vernacular knowledge), the sociological literature on financial markets reviewed so far has shown the material and mediated nature of people's thinking and acting in financial markets. This nonetheless mainly concerns the performation of scientific theories. This may be because of a perceived disconnect between "unrealistic" theories of economics and "real life", and hence performative outcomes of economics performed in real markets being seen as more 'interesting' (MacKenzie 2006) than everyday knowledge and its performation. In the following section, we discuss how folk economics can also be studied from the perspectives of performation (Callon 2010) and performativity (MacKenzie 2006).

# ***Folk economics: A camera or an engine?***

Because folk theorisations build on people’s experiences of the economy (Swedberg 2018), one argument against applying the performativity framework to study folk economics can be that any folk theory on the economy is a mere expression without any performative effects of an economic reality, which happen to be theorised and/or observed by scientific economics and econometrics too. This is similar to what MacKenzie (2004) postulates about situations where there is a great deal of verisimilitude between a scientific theory and the reality it depicts without any performativity of the former. MacKenzie's example on astrophysicists having no effect on nuclear reactions within stars to explain this postulate is quite telling for its implausibility for any folk theory that is widely performed in markets. This also underlines the importance of the distinction between performation and performativity, and the necessity to explore and confirm the former to be able to test the latter.

Even if we assumed that both folk and scientific theories were cameras rather than engines on various aspects of the economy mysteriously caused by actants without any contribution from the folk who theorize and act on those aspects, the camera toolkit used by people (e.g., lay investors, professional investors) who also act on the economy, and the one used by academics to observe the economy from a distance without any involvement may have different performative (illocutionary) consequences for the economy. This is irrespective of any similarities and differences in the way these different toolkits take pictures of the economy.

For example, in the case of folk theories on the interconnectedness of financial markets in a global economy, the folk theorisation of people may be performed in their market work oriented towards solving everyday problems in a market like Borsa Istanbul, which may have specific ‘institutional and geographical entanglements’ (Muellerleile 2013) such as the lay investor dominance in share trading. These performations with the right felicitous conditions can therefore have performative effects in Borsa Istanbul. Exploring the performation and performativities of such a folk theory in that specific market does not rule out the effects of other factors (e.g., the Turkish economy’s global entanglements such as trade in goods, services and capital) that scientific economics may incorporate in explaining the same phenomenon from a distance nor the possibility of people incorporating these very factors in their folk theorisation. What it does is to show that folk economics and theories, when performed, can simultaneously act as cameras and engines of market reality if the right felicitous conditions are present. In subsequent sections, we further discuss the scientific theories on the global market connectivity alongside our findings on the performation and performativity of the American Spirit.

# **Methodology**

The data in this study comes from the lead author’s *in-situ* observations in Borsa Istanbul. The original research, which aimed to explore cognition and decision-making in financial markets took place between January and September 2008 and between May and June 2009 in the following sites representing the aforementioned formal investor categories and corresponding modes of market behaviour.

|  |  |  |
| --- | --- | --- |
| **Site** | **Organisational Coordinates** | **Observation type** |
| **A, A1** | Brokerage firm, serving Turkish retail investors,  1.1% market share in annual trading volume (in the top 40 out of 89 firms) | Non-participant in headquarters (A) and a branch (A1), observing three financial analysts and five brokers in A, three investors and two brokers in A1 |
| **B** | Brokerage firm, serving Turkish retail investors and foreign and Turkish professional investors,  1.5% share in trading (top 25) | Non- participant in headquarters, observing seven brokers and one analyst serving retail investors |
| **C** | Brokerage firm, serving Turkish retail investors and foreign and Turkish professional investors,  1.6% market share in trading (top 25) | Participant-observer in headquarters, observing two brokers and assisting two analysts serving foreign professional investors |
| **D, D1** | Brokerage firm, serving Turkish retail investors and foreign and Turkish professional investors,  3.6% share in trading (top 10) | Nonparticipant in headquarters, observing five brokers and analyst serving retail investors in D, and five brokers and eight analysts serving foreign professional investors in D1 |
| **E** | Turkish professional investors, managing funds for local and foreign companies, high-net-worth individuals,  1.8% share in the asset management industry | Nonparticipant, observing five fund managers |

Table 1 Coordinates of field sites

The observations took place during market hours (9:00-17:00) and lasted 74.5 days. As it is common practice in field research (Spradley 1979), we recorded the site events in notebooks and via voice recorder, whenever the latter was permitted, without any preconceived notions of relevance. The resulting observation data, the collection of which ended when we observed ‘data saturation’ (Denzin 2006) had rich descriptions of market events, including our interlocutors' market chatter. The observation data was ‘triangulated’ (Denzin 2006) with interviews (32 in the observation sites, and 58 elsewhere – see Appendix) and the analysis of periodic documents used in brokerage and investment work (e.g., daily bulletins, analyst valuations). The data and its analysis allowed us to build an interlocutor-verified picture of how market actors think and act in their brokerage and investment work, including their vernacular models of the market.[[1]](#endnote-2)

More specifically, we analysed the market chatter data to explore how our interlocutors interpreted and anticipated markets. Firstly, and because market chatter was dominated by causal statements in spatio-temporal terms, we drew on organisational storytelling literature (Boje 2001, Czarniawska 2004) to develop an operationalised definition to identify individual utterances as discourses by which the narrator connects two or more clauses together for retrospective and/or prospective explanation on the states of markets. We identified 1285 utterances. We then subjected them to 'narrative element' (Czarniawska 2004) and 'causality' analysis (Boje 2001) to identify how different narrative elements or actants (e.g., ‘Amerikan piyasasi [US stock market]’, Borsa Istanbul) related to each other in interlocutors' emplotments. This was accompanied by codification of each utterance according to various features (See Table 2 for a sample). These initial coding categories emerged during the time of original observations and were discussed and validated with interlocutors.

|  |  |
| --- | --- |
| **Code** | **Explanation** |
| Time | Time horizon (e.g., day, tomorrow, yesterday) |
| Change\* | Predicted directional change in Turkish asset (1=increase, 0=decrease) |
| Time code\* | Time of utterance |
| Event \* | Predicted event time, day |
| Western (W) market | 1- US, 2-Germany, 3-UK... |
| Turkish (TR) market/asset | 0 = BIST-100 [index that contains the top-100 company-shares representing 90 % of the market value in Borsa Istanbul],  1 =BIST-30 futures [forward-looking financial contract on the top-30 company-shares in Borsa Istanbul],  Share code |
| Content of utterance\* | 1= Borsa Istanbul forecast based on developed markets/economies  E.g., ‘Buy the BIST-30 contract now and you can sell it up [at a higher price] later [in the day] as the American futures [on the US stock index] are recovering [going up from a lower point]’ (A retail broker advising their client on 25 February 2008 14:45 pm)  0= Borsa Istanbul forecast, No mention of developed markets  E.g., ‘There will be a correction [fall] in BIST-100 today after the rally [the price increase in the index yesterday]’ (An analyst serving retail investors making a forecast, 4 May 2009, 10:00 am) |
| Teller\* | Codes for each 53 interlocutors in market chatter |
| Observation site\* | 1= A, 2= A1, 3= B, 4= C, 5= D, 6= E |
| Client | 0= Retail, 1 = Professional |
| Correct Forecast\* | =1 if the direction of prediction and that of actual movement are the same,  =0 if different |

Table 2 Summary Coding table.

\* either revised or created anew during the recoding process

The results of this analysis showed that a considerable percentage (40 %) of the utterances explained and/or predicted Borsa Istanbul events by looking afar to “Amerikan” and other developed markets, as represented on market screens. As MacKenzie (2006, 19) explains, if a model of the economy remains 'incorporated in the heads of economic actors' as a belief only, then its performation and performativity may be 'precarious'. Our triangulated data analysis demonstrated that this was not the case. Daily bulletins that we regularly collected from the observation sites and beyond materially manifested this shared way of plotting in their headline commentaries and in the way bulletins were laid out (i.e., a calendar on the left that listed anticipated market events in US and other developed markets before those in Borsa Istanbul). Our observations on interlocutors' market screens also highlighted how data streams from developed markets were invariably ubiquitous alongside local ones. We also discussed with our interlocutors in and beyond the observation sites the invisible aspects of this shared way of modelling Borsa Istanbul in investment and brokerage work. All these helped us to confirm the performation of the American Spirit in brokerage and investment work (Callon 2010) or its generic performativity (MacKenzie 2006).

# ***Measuring the performativity of the American Spirit***

For the more 'interesting' effective performativity, MacKenzie (2006b) stresses that the practical use of any aspect of economics 'must make a difference'. Without that particular aspect, the economic process would look different to one that has the aspect incorporated. We follow this and argue that if the performation of the American Spirit makes our interlocutors more accurate in their market predictions, this can be seen as evidence for the effective performativity of the American Spirit. In measuring this, we do not argue that individual market utterances' predictive accuracy comes from an Austinian sense of performativity, whereby Borsa Istanbul moves as the utterer declares. This would be impossible for domains like financial markets where 'a centralised authority' is missing (MacKenzie 2004). Our argument rests on the generic performativity of the American Spirit in Borsa Istanbul and posits that this model might have had other performative effects.

To test the predictive accuracy of each utterance, we recoded the original market chatter dataset with new categories on utterance-time and utterance-horizon (See Table 2). We observed the following time horizons in the dataset (Figure 4).

Figure 4 - Utterances' time horizon.

Given the short-term focus of our interlocutors in their interpretations and explanations, we limited our predictive accuracy tests to *Intraday-future* and *Tomorrow*. In these, we focused on two Borsa Istanbul assets where the American Spirit was invoked most frequently (67 %). These are the BIST-100 index and the BIST-30 futures contract. With this sub-dataset, which was composed of 228 predictions, our predictive accuracy tests consisted of whether the prediction was accurate at the specified time horizon. For this test, we collected minute by minute data from Borsa Istanbul for each asset. To ascertain the accuracy of each prediction, we assigned the corresponding asset value to the time of utterance (e.g., at 10:45, when the broker predicts BIST-100 to go up at the close of market trading, BIST-100 is 45,000 points). We then checked whether the asset value at the prediction horizon (i.e., at 17:00, BIST-100 is 46,000 points) was in line with the directional prediction made (i.e., correct prediction). Once we established the prediction accuracies of utterances, we created a dummy variable (correct forecast=1, else= 0) for predictions and another dummy variable for the American Spirit use. Our aim was to find out whether our interlocutors' predictive accuracy in general and when they invoked the American Spirit in particular, was statistically significant or whether any predictive accuracy was down to chance, akin to flipping a coin, as expected in modern financial markets (Fama 1995), with the American Spirit having no effective performativity, despite increasing the predictive accuracy.

# **Findings**

# ***The performation and performativity of American Spirit***

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Prediction  # | American Spirit in predictions | Accuracy with American Spirit | Accuracy in all prediction |
| **Total** | **228** | **62%** | **60%\*\*** | **59%\*\*** |
| Retail brokers serving Turkish retail investors | 132 | 72% | 57% | 55% |
| Professional brokers serving foreign and Turkish professional investors | 56 | 39% | 64% | 68%\*\* |
| Turkish professional investors | 40 | 61% | 67%\* | 63%\*\* |

Table 3 - The performation of the American Spirit in predictions over BIST-100 and BIST-30. \*\*,\* indicate significance at 1%, 5%, respectively. The prediction accuracy is tested under the assumption that the percentage of correct predictions (p) follows a binominal distribution (under the null hypothesis p=0.5, alternative p>0.5).

As presented in Table 3’s first row, column 2, the American Spirit was used in more than every other prediction on Borsa Istanbul. This underlines its generic performativity. Moreover, columns 3 and 4 in row 1 show that the use of the American Spirit was effective performative in the sense that it made our interlocutors as a group slightly more accurate in their predictions of Borsa Istanbul movements. The increase in predictive accuracy with the American Spirit was not down to chance. Yet, looking at the subsequent rows that represent our interlocutors according to market identities, these hint at some differences in the performation and performativity of the American Spirit. For example, retail brokers performed the American Spirit much more frequently than their professional counterparts despite the theory having no effective performativity for either group. Before we zoom into these findings and their perlocutionary aspects, we give, in Figure 5, an overview of the complex relationships between and the motivations of these market actors, and the markets and assets in which each of these groups did brokerage and investment work. Categories and descriptions in Figure 5 represent each actor in their most typical form during our research.

Diagram

Description automatically generated

Figure 5- The investment and brokerage field in Borsa Istanbul in 2008/9.

Foreign and Turkish professional investors and their brokers can be characterized by relatively long-term investment horizons (i.e., several months to several years) and associated devices of valuation, marketing, and investment. This contrasts with the pressure on retail brokers to market trading ideas with very short-term investment horizons (i.e., daily to several days/weeks) in a sector dominated by discount brokerage. This business strategy, and retail investors’ chase of such “apparent” momentums and opportunities in shares has been generative of spectacular and world-leading share turnover ratios in Borsa Istanbul (see Figure 3).[[2]](#endnote-3) Below, we explain how these perlocutionary differences shape the ways in which the American Spirit was performed in brokerage and investment work, including its performative effects over predictions on Borsa Istanbul.

# ***The performation of the American Spirit in retail brokerage***

The performation of the American Spirit in retail brokerage happened in two types of work-namely, the execution of trade (i.e., buy/sell) orders of retail clients, and marketing retail investors trading advice in a select few Borsa Istanbul shares and futures contracts on any given day. The daily bulletin prepared by analysts and the event calendar therein and the constant presence of global and local data streams on market screens structured retail brokers’ frequent performation of the American Spirit in these tasks.

Despite its very frequent performation in retail brokerage and investment work, the American Spirit did not help our retail broker and investor interlocutors to become better forecasters any more than flipping a coin (see Table 3, row 2, and Table 4 in Appendix for site-based breakdowns). Why did the American Spirit, despite having no effective performativity in predictions, remain an “over-marketed” theory in retail brokerage and investment work? As put by an interviewee in charge of retail sales in a large brokerage firm, the performation of the American Spirit helped retail brokers tell the type of stories that Turkish retail investors had demanded in the 2000s (Interview, 1 September 2008):

Ten years ago [in the 1990s], the market would rally with Ilhami [the name of one of the many renowned so-called domestic speculators who exerted considerable influence on market price of shares in Borsa Istanbul], now the shopkeeper in Afyon [a small Anatolian city] asks about the future of 'Tom [Dow] Jones [30- a major stock market index in the US]', then you hear in a village in Kars [an Eastern province bordering Iran and Armenia] ‘what will the FED [US central bank]do?’ So, this data expansion phenomenon, this is one of the reasons why the effect of [domestic] speculators has declined. Now people [average retail investor] look for a story, a justification before they trade.

What our interviewee referred to as 'data expansion' concerns how the American Spirit was performed by retail brokers and investors in brokerage and investment work. Irrespective of this new popular demand from clients, which we also observed during our fieldwork, our interlocutors actually believed in and justified this folk theory for various reasons, ranging from the dominant presence of foreign professional investors in Borsa Istanbul in recent years:

Why we look at what happens abroad, American data, etc., because after the 2001 financial crisis in Turkey[[3]](#endnote-4), [Borsa Istanbul] and the Turkish economy have rebounded well, and foreigners have bought up [in Borsa Istanbul]. This has also coincided with the liquidity surge from America [USA] following the dot.com crash and 9/11. All these have changed our perceptions here about [Borsa Istanbul] (Informal discussion with retail broker, Firm B, 8 April 2008)

…to the Turkish economy's links to developed economies:

Nothing like this was followed before, but globalisation has made markets connected, and that is why we follow what happens abroad. I think there should be [a] one-on-one relationship between our market and the markets with which we have trade relationships... the DAX [the main stock index in Germany], yes, we follow closely, because Germany is our biggest trade partner, and their real economy is at the centre of financial markets and Europe. (Interview, Head of Branches, Firm A, 14 March 2008).

Irrespective of these different interpretations, the American Spirit’s performation helped our interlocutors in retail brokerage sites do their brokerage and investment work.

# ***The performation of the American Spirit in professional brokerage and investment***

Our professional-broker interlocutors invoked the American Spirit as a coordinating device against daily movements in Borsa Istanbul in providing what they described as ‘best-trade execution’ service for foreign professional investors’ large buy/sell orders. As put by one of the brokers in C when we asked as to why he followed the markets abroad (6 August 2008):

Day-wise, you check the DAX, the Dow [Jones 30], etc. and adjust your [client order execution] strategy accordingly… [When selling for your client in Borsa Istanbul] if the market [abroad] falls quickly you sell [in Borsa Istanbul] quickly, [when buying] if [the market abroad] goes up quickly you buy [in Borsa Istanbul] quickly. What I do here is I calculate the quantity with a calculator and use my discretion according to the momentum in the markets.

The performation of the American Spirit in this manner was therefore related to sociality in markets. Our professional-broker interlocutors wanted to account for how the retail investor figure as the major source of trading activity in Borsa Istanbul would think and act on any given day. Otherwise, they did not seem to see any role for the American Spirit in marketing work, hence its much less prolific performation (See Table 3 row 3). As put by the head of research in Firm C (14 July 2008), performing the American Spirit in marketing work would be detrimental:

If you focus too much on what happens abroad, your clients who [come from] those markets might take it as a sign of you not knowing what you are actually talking about! Your client wants to know about Turkey.

Similar to professional brokers, our Turkish professional investor interlocutors performed the American Spirit as a coordinating device, more specifically in their investment work of carefully adjusting the exposure of the funds that they managed to industry performance benchmarks (e.g., monthly/yearly BIST-100 return). As such, the American Spirit helped them predict these benchmarks’ short-term movements in a given month. Otherwise, our professional investor interlocutors seemed dismissive of the American Spirit in terms of its actual relevance to Turkish shares’ fundamental/comparative values, which, like their foreign counterparts, informed their investment work with the assistance of professional brokers. When we asked what he thought of this folk theory, one of the managers remarked that (18 April 2008):

When they fart in America [USA], we soil ourselves here [in Borsa Istanbul]!

Despite the much less prolific performation of the American Spirit restricted to a specific brokerage work, which was unlike its overuse in marketing in retail brokerage, the performation of the American Spirit did not have any effective performativity over our professional-broker interlocutors’ predictions. Nonetheless, both professional brokers and investors had better general forecast ability on Borsa Istanbul than flipping a coin and for that matter their retail broker counterparts. Moreover, the performation of the American Spirit was effective as it actually made the majority of our professional broker and investor interlocutors even better forecasters of Borsa Istanbul movements (see Table 3 bottom row, and Table 4 in the Appendix for site-based breakdowns).

# ***The American Spirit and Borsa Istanbul: A camera or an engine?***

Financial economics has long been unearthing increasing global connectivity among stock markets, which undermines the international diversification strategy sanctioned by modern portfolio theory, and exploring the reasons behind it (e.g., economic shocks in one country, see Bekaert et al, 2005; economic globalisation, see Forbes and Rigoborn, 2002). It is interesting to observe that the debate in financial economics about the so-called transmission mechanisms across markets overlook some essential measures of economic globalisation (Bordo 2002), for example, the ratio of foreign assets to GDP, to prevent mistaking correlations for economic globalisation (see Pukthuanthong and Roll 2009 for such a critique). Another overlooked aspect then is the actual thinking and acting of market actors in a specific locale about the connectivity of markets and how these might be contributing to econometric patterns of connectivity across markets. All in all, given the brief review above, financial economics can be described, to use MacKenzie's (2006) term, more as 'a camera', than 'an engine' of global market connectivity.

The Turkish market has received its fair share of scientific pictures about its connectivity, which show short-term uni-directional connections from developed markets to Borsa Istanbul in the 2000s (e.g., Berument et al 2011) in contrast to the 1990s (e.g., Bekaert et al 2005). Different to the aforementioned factors espoused by financial economics, the American Spirit as a folk economics theory originating from Turkish market actors' thinking about and acting in Borsa Istanbul in the 2000s, including their theories on the globalisation the Turkish economy, plausibly contributed to this connectivity considerably. Yet, it may not be possible to econometrically test and demonstrate the strong performativity of the American Spirit for a number of reasons, starting from the comparison issue that MacKenzie (2006) highlights: ascertaining such effects across two historical periods (i.e., before and after a model) is not straightforward and involves 'element[s] of conjecture and judgement' owing to a plethora of differences in those periods.

Nonetheless, this econometric evidence raises questions as to whether the American Spirit, as a folk theory, is a mere expression, without any performative effects, of a global market reality, which happens to be scientifically theorised and/or observed by economics and econometricians too, similar to how astrophysicists have no effect on the nuclear reactions in the stars that they study (MacKenzie 2004). This question can also apply to our findings on the effective performativity of the American Spirit in market predictions.

As we discussed in the literature review, and showed in this paper, when performed in the right felicitous conditions, the folk theories of market actors can be performative in a generic, effective and even strong sense. To put it differently, Borsa Istanbul is not a star wherein nuclear reactions happen, and our interlocutors representing important socio-technical arrangements in this market are not astrophysicists studying Borsa Istanbul from a distance. Our interlocutors took pictures of this market with scientific and folk toolkits, including the American Spirit, and acted on them to perform brokerage and investment work, which contributed to making Borsa Istanbul what it was in terms of share turnover, ownership, connectivity, and so on. Without these toolkits, which acted as both cameras and engines of market reality, Borsa Istanbul would have looked very different to how we found it during our research, including the effective performativity of the American Spirit in market predictions.

What then makes the American Spirit a folk theory and thus part of the folk economics toolkit of our interlocutors? We argue that it is the narrative reasoning, instead of a logico-scientific one, on the lived experiences on and off market screens. For example, concerning the global connectivity of markets, our market professional interlocutors irrespective of their market identities and their invariable exposure to economics in higher education did not care for what scientifically peer-reviewed market connectivity literature had to say about the phenomenon and how they said it in relation to scientific methodology. Their belief in a globalised Borsa Istanbul for various perceived reasons, including sociality, stemmed from our interlocutors’ narrative theorisations on everyday experiences.

Whether this folk theorisation and its performation in brokerage and investment work in Borsa Istanbul were “economically rational” things to do given whatever scientific theoretical and empirical economic entanglements the Turkish economy had with the rest of the global economy is a matter for further research with rigorous scientific methods. A scientific answer to this question could, for example, ascertain the *required* degree of co-movement for Borsa Istanbul with developed markets given the Turkish economy’s entanglements. To the best of our knowledge, such an answer is not given yet as financial economics seems to remain a camera of global connectivity. Such an answer might reveal that what our interlocutors in retail brokerage sites did, actually amounted to “irrationality” when over-marketing the American Spirit. However, this narrow question on economic rationality overlooks the importance of how ‘lay knowledge’ is generated, performed and becomes performative in the economy and markets, something Caliskan and Callon (2010) implore us to explore further. This is because both folk economics and scientific economics, without any interaction between them, can and do take similar pictures of an economic phenomenon albeit with different toolkits, resolutions and details. Market actors in Istanbul took and acted on their own folk pictures of Borsa Istanbul with the performation processes and illocutionary effects that we have found in our research. Without these, any scientific picture taken by financial economics on Borsa Istanbul would look very different too.

Our findings show the importance of socio-technical arrangements and their discourses, whether scientific or folk, in the emergence and re-enactment of economic phenomena such as the global connectivity of financial markets. As such, they need to be incorporated into the study of such a phenomenon. Borsa Istanbul at the time of our research was not just a world of the American Spirit just as developed markets have never been a world of Black-Scholes only (MacKenzie 2006). Yet, we observed the American Spirit being performed in multiple sites in 2008 and 2009, and our interlocutors invariably told us that Borsa Istanbul had become a globalised market in the early 2000s. What we call the American Spirit is not then a mere artefact of the 2008 Global Financial Crisis when the world focussed on the US and other developed economies. This historical evolution means that if the circumstances that underpinned our interlocutors’ belief in this theory change considerably in Borsa Istanbul (e.g., foreign ownership of shares, retail investor dominance in share turnover), the American Spirit might be modified or abandoned altogether with plausible effects on brokerage and investment work and on Borsa Istanbul's global connectivity. This is not unlike how a scientific model such as Black-Scholes may lose its performative 'powers' in the face of changing market circumstances (MacKenzie 2006).[[4]](#endnote-5)

# **Discussion and conclusion**

Our findings have implications for the study of 'statements' in their broadest sense and their performativity in the economy (Callon 2007). This includes those that come from people's everyday thinking and acting in the economy (Swedberg 2018), something the social science literature has overlooked from a performativity perspective. Our findings show that such statements do not seem to be ‘incorporated in the heads of economic actors’ as mere ‘precarious’ beliefs (MacKenzie 2006). As we have shown, folk theories can shape how economic work is done through organisational routines and material arrangements with performative effects.

As MacKenzie (2004) reminds us, unlike the 'simple performatives' of Austin in reference to speech acts, the model-like statements on financial markets are not uttered by a 'centralised authority' thus their performativity would hardly be like that of Austin's performatives. Instead, it is the widespread performation of a model that endows it with performative effects. This applies to folk theories like the American Spirit too. Our findings therefore open up the way to explore the performation and performativity of belief-like statements that originate from the types of everyday thinking and acting that Swedberg (2018) explains as generative of folk economics. These statements may take the shape of 'macro level' stories (Rebonato 2013) or even a viral narrative phenomenon (Shiller 2017).

Drawing on social psychology, Swedberg (2018) argues that people's thinking about the economy has an 'independent quality and existence [not reducible to] material interests, social structure, [or] ignorance'. While we agree with this, especially given the salience of the narrative mode of thinking, we also observe that the similarities in thinking and acting in primary doxic communities may partly be down to actors' awareness of other communities with which they share a domain of action. Just like in the performation of scientific theories (Beunza and Stark 2012), sociality matters in the way folk economics and its theories are performed. For our interlocutors in professional investment and brokerage, the performation of the American Spirit was mainly to account for thinking and acting of an anonymous yet a well-known collective to them, i.e., the average Turkish retail investor. This finding also underlines the importance of an overlooked aspect in the performativity research, that is, ‘power relations’ and how they ‘enable and constrain […] performative practices’ (Lansing 2012) in specific ‘institutional and geographical entanglements’ (Muellerleile 2013). In the case of financial markets, market liquidity and who provides it is an integral aspect of these relations and entanglements.

Nonetheless, as we have shown in this paper, folk economics is more than this type of reflexive modelling or socially 'habilitated' calculation and exchange (Callon 2008 cited in Beunza and Stark 2012). As such, folk economics is generative of statements that can explain and thus perform any economic phenomenon. People's tendency to think in narrative mode (Bruner 1986) and the substantive organisational and institutional efforts required to create the right perlocutionary effects for the performativity of 'confined [theoretical]’ or 'wild [applied]’ economics - not to mention the overflows on them (Callon 2007) constitute the social-psychological and organisational underpinnings for folk economics' potential permeance and performativity in parts or the whole of the economy.

Our argument also addresses the question of whether the study of folk economics should be confined to lay people only and exclude market professionals and experts. This is not unlike the question of whether performativity research should be limited to expert economists who are involved 'in the analysis, transformation [and] configuration of the markets' (Callon 2007). Interestingly, Swedberg (2018), despite identifying work 'as the centre of primary doxa' also seems to imply that folk economics is about lay people's thinking about and acting in the economy as his discussion of experts is limited to academics. In our exploration of brokerage and investment work, we have shown how market professionals with expert knowledge still formulate and perform folk theories. This is not unlike how Swedberg (2018) and others (e.g., Rip 2006, Mirowski 2015) show how even experts, including scientists and academic economists themselves engage in theorisations that can be considered folk-like, sometimes with contestable standards of scientific rigour.

As we argued before, the desire for such conceptual fencing in favour of studying only experts and scientific theories configuring markets may arise because of a perceived disconnect between economics and real life (MacKenzie 2006). A related case against studying folk economics with performativity could be made as folk theories such as the American Spirit are inferred from people's actions, including discursive ones like market chatter. As such, these theories do not exist outside market practices. This implies that folk theories are essentially performative in generic and even other senses although this argument seems to be confusing performation with illocutionary effects.

Butler's (2010) take on performativity in which discourses are not privileged or excluded on the basis of their origins (e.g., economists) and function (e.g., transformation/configuration) (see also Lansing 2012) but taken to be involved ‘in the processes that performatively bring about the market' provides further conceptual purchase for the use of performativity to study folk economics. This is similar to what we observe in Caliskan and Callon's (2010) advocacy to include 'lay knowledge' in the exploration of performativity in 'market design and maintenance', which can be extended to other types of market framing that they identify such as 'price-setting'. Performativity studies on technical analysis (e.g., Roscoe 2015) and investment valuation tools (e.g., Kisch and Fairbairn 2017) show how performation of marketing and investment discourses perhaps matter more in mobilising investors than the maths and science that underpin these tools. These findings and our paper resonate with Caliskan and Callon's (2010, 22) argument that texts, discourses and narratives matter as much as scientific knowledge and associated devices in markets. Of course, such a broad take on performativity and folk economics, just as we have taken in this paper, still has to show how folk statements are performed and whether they have illocutionary effects in parts or the whole of the economy.

To wit, if the performativity thesis is taken too narrowly to include only scientific theories that analyse, transform and configure markets, then a great number of phenomena are left out in our understanding of how economies and markets are performed. Of course, performativity is not the only conceptual framework to study folk economics. Nonetheless, its focus on performation makes it better suited to explore folk economics’ material and organisational incorporation into people's everyday practices in households, workplaces, markets and economies in developed and developing countries alike.

**References**

Austin, J. L. 1962. *How to Do Things with Words*. Oxford: Clarendon Press.

Barber, Brad M., Yi-Tsung Lee, Yu-Jane Liu, and Terrance Odean. 2007. ‘Is the Aggregate Investor Reluctant to Realise Losses? Evidence from Taiwan’. *European Financial Management* 13 (3): 423–47.

Bekaert, Geert & Campbell R. Harvey & Angela Ng, 2005. ‘Market Integration and Contagion’. *Journal of Business*, University of Chicago Press, 78(1):39-70.

Berument, Hakan., Zulal. S. Denaux, and Yeliz Yalcin. 2011. ‘The Effects of the US Markets on the Istanbul Stock Exchange and Its Components’. *Journal of International Finance and Economics* 11 (2): 85–94.

Beunza, D., Hardie, I. & MacKenzie, D., 2006. ‘A Price is a Social Thing: Towards a Material Sociology of Arbitrage’. *Organization Studies*, 27(5), pp.721–745.

Beunza, Daniel, and David Stark. 2012. ‘From Dissonance to Resonance: Cognitive Interdependence in Quantitative Finance’. *Economy and Society* 41(3):383–417.

Boje, David. M. 2001. *Narrative Methods for Organizational and Communication Research*. London: Sage.

Bordo, Michael D. 2002. ‘Globalization in Historical Perspective’. *Business Economics* 37(1):20–29.

Braun, B. 2016. ‘From Performativity to Political Economy: Index Investing, ETFs and Asset Manager Capitalism’. *New Political Economy* 21(3): 257–73.

Bruner, Jerome. 1986. *Actual Minds, Possible Worlds*. Cambridge, MA: Harvard University Press.

Butler, Judith. 2010. ‘Performative Agency’. *Journal of Cultural Economy* 3(2):147–61.

Çalışkan, Koray, and Michel Callon. 2010. ‘Economization, Part 2: A Research Programme for the Study of Markets’. *Economy and Society* 39(1):1–32

Cambridge Dictionary Online. n.d. ‘Spirit’. Cambridge University Press, available at <https://dictionary.cambridge.org/dictionary/english/spirit> , last accessed 1 November 2022.

Callon. M. 2007. ‘What Does It Mean to Say That Economics Is Performative?' in Markets MacKenzie, Donald A., Fabian Muniesa, and Lucia Siu, eds. *Do Economists Make Markets? On the Performativity of Economics*. Princeton: Princeton University Press, 311-52.

Callon, Michel. 2010. ‘Performativity, Misfires and Politics’. *Journal of Cultural Economy* 3(2):163–69.

Cetina, Karin Knorr. 2007. ‘Culture in Global Knowledge Societies: Knowledge Cultures and Epistemic Cultures’. *Interdisciplinary Science Reviews* 32(4):361–75.

Coleman, Les. 2014. ‘Why Finance Theory Fails to Survive Contact with the Real World: A Fund Manager Perspective’. *Critical Perspectives on Accounting* 25(3):226–36.

Czarniawska, Barbara. 2004. *Narratives in Social Science Research*. London: Sage.

Davis, Aeron. 2005. ‘Media Effects and the Active Elite Audience: A Study of Communications in the London Stock Exchange’. *European Journal of Communication* 20(3):303–26.

Denzin, Norman. 2006. ‘Introduction in Triangulation: A Case for Methodological and Combination Evaluation’, in N. Denzin (Ed) *Sociological Methods: A Sourcebook*. New Jersey: Transaction Publishers, pp. 471-475.

Fama, E. 1995. ‘Random Walks in Stock Market Prices’. *Financial Analysts Journal* 51 (1): 75–80.

Forbes, Kristin J., and Roberto Rigobon. 2002. ‘No Contagion, Only Interdependence: Measuring Stock Market Comovements’. *The Journal of Finance* 57(5):2223–61.

Kish, Z. & Fairbairn, M., 2018. ‘Investing for profit, investing for impact: Moral performances in agricultural investment projects’. *Environment and Planning. A*, 50(3), pp.569–588.

Lansing, D.M., 2012. ‘Performing Carbon's Materiality: The Production of Carbon Offsets and the Framing of Exchange’. *Environment and Planning. A*, 44(1), pp.204–220.

Harrington, Brooke. 2008. *Pop Finance: Investment Clubs and the New Investor Populism*. New Jersey: Princeton University Press.

MacKenzie, Donald. 2004. ‘The Big, Bad Wolf and the Rational Market: Portfolio Insurance, the 1987 Crash and the Performativity of Economics’. *Economy and Society* 33(3):303–34.

MacKenzie, Donald. 2005. ‘Opening the Black Boxes of Global Finance’. *Review of International Political Economy* 12(4):555–76.

MacKenzie, Donald. 2006 *An Engine not a Camera: How Financial Models Shape Markets*. Massachusetts: MIT Press.

MacKenzie, Donald. 2006b. ‘Is Economics Performative? Option Theory and the Construction of Derivatives Markets’. *Journal of the History of Economic Thought* 28(1):29–55.

Mirowski, Philip. 2015. *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*. London, New York: Verso.

Muellerleile, C., 2013. Turning Financial Markets inside Out: Polanyi, Performativity and Disembeddedness. *Environment and Planning. A*, 45(7), pp.1625–1642.

Preda, Alex. 2004. ‘Informative Prices, Rational Investors: The Emergence of the Random Walk Hypothesis and the Nineteenth-Century "Science of Financial Investments"’. *History of Political Economy* 36(2), 351-386

Pukthuanthong, Kuntara, and Richard Roll. 2009. ‘Global Market Integration: An Alternative Measure and Its Application’. *Journal of Financial Economics* 94(2):214–32.

Rebonato, Riccardo. 2013. ‘What Models Do We Need for Risk Management?’ in *QFINANCE: The Ultimate Resource, 4th edition*. London: Bloomsbury Publishing.

Rip, Arie. 2006. ‘Folk Theories of Nanotechnologists’. *Science as Culture* 15(4):349–65.

Roscoe, Philip. 2015. ‘“Elephants Can’t Gallop”: Performativity, Knowledge and Power in the Market for Lay-Investing’. *Journal of Marketing Management* 31(1–2):193–218.

Shiller, Robert J. 2017. ‘Narrative Economics’. *American Economic Review* 107(4):967–1004.

Spradley, James. 1979. *Participant Observation*. New York: Holt, Reinart and Wilson

Swedberg, Richard. 2018. ‘Folk Economics and Its Role in Trump’s Presidential Campaign: An Exploratory Study’. *Theory and Society* 47(1):1–36.

Taştan, B., & Imamoglu, H. 2022. ‘The analysis of cross-correlation between Istanbul Stock Exchange and major stock markets and indices: An empirical analysis using Random Matrix Theory’. *Concurrency and Computation: Practice and Experience*, *34*(21), 1-15

Thompson, Peter A. 2013. ‘Invested Interests? Reflexivity, Representation and Reporting in Financial Markets’. *Journalism* 14(2):208–27.

Zaloom, Caitlin. 2003. ‘Ambiguous Numbers: Trading Technologies and Interpretation in Financial Markets’. *American Ethnologist* 30(2):258–72.

**Appendix 1- List of Interviews[[5]](#footnote-2)**

1. Retail-Investor, 19/07/2007
2. Retail-Broker, One-Stop-Shop Brokerage Firm (OSS)[[6]](#footnote-3), 19/07/2007
3. Former Retail-Broker, 25/06/2007
4. Deputy General Manager (DGM), Market Surveillance Department, Borsa Istanbul, 27/06/2007
5. General Manager (GM), OSS, 26/02/2008.
6. Retail-Investor, formerly Retail-Broker, 5/03/2008\*
7. Head of Branches, Retail-Brokerage Firm, 14/03/2008\*[[7]](#footnote-4)
8. GM, DGM, Turkish Asset Management Company (AMC) 17/04/2008\*\*[[8]](#footnote-5)
9. Head of Professional-Brokerage, OSS 17/04/2008\*
10. Economist, OSS 7/05/2008\*
11. Retail-Broker, OSS 8 /05/2008
12. Head of a branch, Brokerage-Firm, 8/05/2008
13. Technical-Analyst, OSS 12/05/2008 \*
14. Financial-Analyst, OSS , 13/05/2008\*
15. Sales & Marketing Specialist, AMC, 14/05/2008\*
16. Head of Marketing, AMC, 14/05/2008\*
17. GM, AMC, 14/05/2008\*
18. Head of Marketing, Retail-Brokerage, OSS , 15/05/2008\*
19. Head of IT, OSS , 16/05/2008\*
20. DGM, AMC 28/05/2008
21. Technical-Analyst, OSS , 29/05/2008
22. Professional-Broker, OSS , 2/06/2008
23. Head of Research, Global-Broker[[9]](#footnote-6), 2/06/2008
24. Head of Retail-Brokerage, Brokerage Firm, 15 August 2008
25. Fund Manager, AMC, 4/06/2008
26. Chief Economist, Global-Broker, 5/06/2008
27. Professional-Broker, OSS , 17/05/2008; 6/06/2008\*
28. Chief Economist, OSS , 12/06/2008
29. Head of Professional-Brokerage, OSS , 13 /06/ 2008, 3 /08/ 2008
30. Fund Manager, Global AMC, Istanbul, 23/06/2008
31. Professional-Broker, Global-Broker, 14/07/2008
32. Financial-Analyst, OSS, 14/07/2008
33. Financial-Analyst, OSS, 22/07/2008\*\*
34. Financial-Analyst, OSS, 23/07/2008
35. Financial-Analyst, OSS, 14/07/2008
36. Professional-Broker, Global-Broker, 29/07/2008
37. Professional-Broker, OSS, 29/07/2008\*
38. Head of Retail-Brokerage, OSS, 4/08/2008\*
39. Professional-Broker, OSS , 29/07/2008
40. Head of Research, OSS, 8/08/2008\*
41. Head of Research, OSS, 11/08/2008\*
42. Professional-Broker, OSS, 10/08/2008\*
43. Retail-Investor (former broker of a domestic speculator), 11/08/2008\*
44. GM, OSS 15/08/2008\*
45. Head of Compliance, Global-Broker, 15/08/2008
46. Retail-brokerage Manager, Retail-Brokerage, 18/08/2008
47. Head of Professional-Brokerage, OSS , 18/08/2008
48. Professional-Broker, OSS, 20/08/2008\*
49. Head of Research, Global-Broker, 21/08/2008
50. Professional-Broker, OSS, 22/08/2008
51. Professional-Broker, OSS, 27/08/2008
52. Head of Corporate Finance, OSS , 27/08/2008
53. Assistant Head of Branches, OSS , 27/08/2008
54. Professional-Broker, OSS, 28/08/2008, 15 /06/ 2009
55. Head of Research, Head of Professional-Brokerage, OSS, 27/08/2008\*\*
56. Statistics/Valuation Expert, Borsa Istanbul, 29/08/2008
57. GM, Market Surveillance Department, Borsa Istanbul, 29/08/2008
58. Head of Branches, OSS , 1/08/2008\*
59. Head of Branches, OSS, 1/08/2008
60. Head of Professional-Brokerage, OSS, 2/08/2008
61. Head of Retail-Brokerage, OSS, 4/08/2008\*
62. DGM, Retail-Brokerage, 5/08/2008\*
63. Head of Professional-Brokerage, OSS 8/08/2008\*
64. Professional-Broker, OSS, 8/08/2008
65. Retail-Investors, 10/08/2008
66. Retail-Broker, OSS, 9/08/2008
67. GM, Retail-Brokerage firm, 10/08/2008
68. DGM, Markets Department, Borsa Istanbul, 11/08/2008
69. Retail-Broker, OSS , 12/08/2008
70. Professional-Broker, Global-Broker, London, 28/10/2008
71. Head of Professional-Brokerage, Global-Broker, London, 2/11/2008
72. Financial-Analyst, Global-Broker, 20/11/2008
73. Professional-Broker, Global-Broker, London, 21/02/2009
74. Financial-Analyst, OSS , 27/05/2009\*
75. Financial-Analyst, OSS , 27/05/2009\*
76. Financial-Analyst, OSS , 2/06/2009\*
77. Financial-Analyst, OSS, 2/06/2009\*
78. Financial-Analyst, OSS, 2/06/2009\*
79. Chief Economist, OSS, 3/06/2009\*
80. Head of Research, OSS, 4/06/2009\*
81. Financial-Analyst, OSS, 5/06/2009\*
82. GM, Head of Research, Turkish Capital Market Institutions, 15/07/2009\*\*
83. Head of a branch, Retail-Brokerage, 17/06/2009
84. Fund Manager, Global AMC, Istanbul, 19/06/2009
85. Professional-Broker, Global-Broker, 18/06/2009
86. Retail-Investor, (former retail-brokerage owner), 18/06/2009
87. Former Retail-Broker serving domestic speculators 18/06/2009
88. Retail-Broker, Retail-Brokerage, 22/06/2009
89. Retail-Investor, 22/06/2009
90. Head of Professional-Brokerage, Global-Broker, London 5/11/2009

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Site | Time | Prediction  # | American Spirit in  predictions | Accuracy with American Spirit | Accuracy in all prediction |
| **Retail brokerage and investment sites** | | | | | |
| **A** | February 2008 | 69 | 73 % | 56% | 55% |
| **A1** | March 2008 | 14 | 93 % | 69% | 71%\* |
| **B** | April 2008 | 31 | 59 % | 44% | 39% |
| **D** | May 2009 | 18 | 72 % | 69% | 66% |
| **Professional brokerage and investment sites** | | | | | |
| **C** | July-August 2008 | 28 | 32 % | 50% | 57% |
| **D1** | May-June 2009 | 28 | 46% | 85%\*\* | 79%\*\* |
| **E** | April-May 2008 | 40 | 61% | 67%\*\* | 63%\*\* |

Table 4 - The performation of the American Spirit in BIST-100 and BIST-30 predictions in each site. \*\*,\* indicate significance at 1%, 5%, respectively.

1. To explore continuities and changes, follow-up studies were conducted through 73 interviews and 4-day observations in June-July 2014 and 3-days in May-September 2018. We comment on our findings and more recent developments in endnotes III and IV. [↑](#endnote-ref-2)
2. Trading commissions constituted around 70% of the revenues of the Turkish brokerage sector in the 2000s. The discount brokerage strategy became widespread, especially after commissions were deregulated in the early 2000s. Professional brokers, owing to services provided to professional investors and the latter's low share turnover, could charge three to ten times higher trading commissions (e.g., 0.003% to 0.001% of order amount) than their retail counterparts. [↑](#endnote-ref-3)
3. The 2001 crisis originated from an IMF-sanctioned programme mismanaged by a three-party coalition government. Foreigners were in Borsa Istanbul as early as 1990 yet with a negligible ownership compared to the 2000s when Turkey had bolstered its emerging market status with a number of market-friendly reforms under Recep Tayyip Erdogan’s leadership. In the late 2010s, Erdogan was to gradually reverse those reforms. In 2020, one global news agency started to cover this under a special rolling-report titled *Turkey’s war against the market*s (available at https://www.bloomberg.com/news/storythreads/2020-06-25/turkey-s-war-against-the-markets, last-accessed 13-October-2022). [↑](#endnote-ref-4)
4. While our brief observations did not generate sufficient data to test the American Spirit’s effective performativity, our follow-ups in 2014 and 2018 showed its continued widespread performation underpinned by the steady felicitous conditions of market identities and behaviours (see Figures 1-2-3). Unsurprisingly, recent connectivity studies point to continued connections between developed markets and Borsa Istanbul in the 2010s (e.g., Tastan and Imamoglu 2022). Nonetheless, in 2018, our interlocutors repeatedly underlined the possible adverse consequences of Erdogan’s unconventional economic policies in coming years under his newly inaugurated system of executive presidency such as foreigners fleeing Borsa Istanbul. These insights were prescient because, as of October 2022, foreigners’ share in stock ownership is 30 %, down from 63 % in 2018. Turkish retail investors continue their dominant presence in trading volume (62 %) despite increasing their stock ownership to 37 %, which will potentially slow down Borsa Istanbul’s world-leading share turnover rate. With these considerable changes in the American Spirit’s felicitous conditions, we had a cursory look at daily bulletins from various months in 2022 from a small sample of brokerage firms. Our investigation gave us the impression that while developed economies still dominated a large chunk of these bulletins, the interpretations and predictions on Borsa Istanbul indices seemed to be devoid of these actants as if Borsa Istanbul had lost its American Spirit. This disjointed co-existence in bulletins might also be because of Turkish brokerage firms’ increasing foray into brokering for Turkish retail investors in developed markets via online trading platforms. Further field research alongside new econometric studies covering the 2020s are necessary to explore whether and how the American Spirit is performed in this new period. [↑](#endnote-ref-5)
5. Interviews lasted 30 to 180 minutes. [↑](#footnote-ref-2)
6. OSS in market vernacular refers to brokerage firm serving all investor types. [↑](#footnote-ref-3)
7. \* Interviews in the observation sites. Informal discussions therein were too numerous to list. [↑](#footnote-ref-4)
8. \*\* Two interviewees. [↑](#footnote-ref-5)
9. Global-Broker in the vernacular refers to Istanbul-based subsidiaries of global banks serving professional investors. [↑](#footnote-ref-6)