



ASA Economic Sociology Section Newsletter

Accounts

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A Big Welcome to All Readers!

For the next year or so, the *Accounts* ship is being steered by four enthusiastic Cornell graduate students. We'll introduce ourselves below, but first we want to let you know what's in store and note some changes. Each of this year's three issues will have a central theme. This issue is a continuation of this summer's ASA conference panel discussion, *Economic Sociology in the Next Decade and Beyond*. The next issue, scheduled for mid-February, will focus on the innovative work being done by research centers and collaborative efforts in the field of economic sociology; we're calling this one *Collaborations and Research Communities: Advancing Scholarship in Economic Sociology*. The third issue, to be published just before next summer's ASA conference, will highlight research in the field that focuses on areas we don't hear much about normally, including work being done in Africa, Central and South America, Asia,...you know, things going on *outside* the United States. So far, our title ideas for this issue aren't very appealing, but we'll come up with something before next summer.

Also, the savvy researchers among us probably noticed that the newsletter is now electronic. We think this has some advantages, not the least of which is that we have lots of flexibility for accepting more content (and we think the colors are nice, too). We don't want the theme of each newsletter to stifle anyone's creativity; if you have something of interest to section members, please don't hesitate to send it in (that includes "you," fellow grad students). Also, we would like to start a sort of 'classified ads' section at the end, which can include job postings, conference announcements, calls for papers, award nominations or announcements, book reviews,...whatever. Our hope is that the newsletter can get valuable information out to section members and stimulate activity within the section. Who knows, maybe we can even prompt a boost in membership?

Please see the Call for Submissions for the Next Issue on page 13



The Editorial Team

Nicolás Eilbaum (ne29@cornell.edu): Nicolás is interested in the connections between classical and recent economic sociology and in comparative studies of economic change in Latin America.

Min-Dong Paul Lee (mpl27@cornell.edu): Paul's career experience in corporate social responsibility and international development had highly predictable effects on his research interest. He has a hidden agenda of finding more economic sociologists with similar interests.

Kyle Siler (kss46@cornell.edu): Kyle's interests include the sociology of science, economic sociology and stratification. He is currently enamored with network and organizational approaches to competition, and discovering the natural isthmuses and human-made bridges (or lack thereof) that exist between disparate ideas, interests and institutions.

Christopher Yenkey (cby2@cornell.edu): Chris found an intellectual home in economic sociology via previous careers that left him less than satisfied: professional bicycle racing & economics. If he's not researching Chinese market transition or regulation of securities markets, he's probably pondering embeddedness and institutions outside somewhere.

Forum: *Economic Sociology in the Next Decade and Beyond*



WE NEED MORE IDEAS!

- Richard Swedberg, Cornell University

As the other contributors to this issue of *Accounts*, I have been asked to discuss economic sociology in the past, present and future, based on my talk on this theme at ASA in Philadelphia. Let me start with economic sociology as it exists today and go from there. Here there are several pluses and perhaps a few minuses, as I see it. The pluses include that economic sociology today is truly pluralistic – no single perspective dominates, but there are several competing approaches on how to do economic sociology. We have institutionalists, networks people, comparativists and so on. It is also true that some of the best contemporary sociologists are active in economic sociology, and that there are a number of young scholars as well as graduate students who are outstanding. To all this should be added a growing number of fine studies that appear every year, in the journals as well as in book form.

On the negative side, I would say that economic sociology – like sociology more generally – is not very innovative and bold. I am personally very impressed by the speed at which innovations and new ideas are introduced into the arts and in music, and in comparison I think that economic sociology (like sociology itself) leaves quite a bit to be desired. We especially need more new ideas in economic sociology!

Of my own recent work in economic sociology, there are three that I hope will generate new ideas; and I would like to say a few words about each of these. Since a few years I and anthropologist Hiro Miyazaki are working on the role of *hope* in the economy, and we have also had a small conference on this theme. We feel that hope exists in everyday life, in the arts, in literature and pretty much everywhere but in academia –and that includes economics, sociology and economic sociology. Nonetheless, there is plenty of hope in the economy (just as there is plenty of *fear* in the economy); and it takes many different expressions. This project on hope in the economy is incidentally being carried out mainly with the participation of anthropologists; and the reason for this is that sociologists seem much less inclined than anthropologists to take chances in their research.

My second project is on economic sociology and technology; and here I am working closely together with Trevor Pinch, who is heading Cornell's program in Science, Technology and Society. The basic idea is that there have been

many recent advances in the social studies of science and technology as well as in economic sociology – but that these two bodies of research have not been very much in contact with each other. A first attempt to move them closer to one another took place in September this year, when Trevor Pinch and I had a conference on this topic at Cornell. Quite a few people participated, and it is clear that many economic sociologists are very interested in the technology/economic sociology interface.

My third project – and now I switch to the use of the past in today's economic sociology – is somewhat different; and I especially want to address the fact that today's economic sociology does not have a very strong theoretical foundation. We have bits and pieces but no really solid foundation. One may speculate why this is the case; and one reason could well be that new economic sociology was born more or less by accident. It responded in some ways more to the need for economic sociology, so to speak, than it was the result of careful and deliberate thought.

What then are we to do? Hopefully new and bold economic sociologists will soon be emerging, but in the meantime we may also want to take a closer look at the classics in our field. By this I primarily mean people such as Marx, Polanyi, Weber and Schumpeter. Let me illustrate how one may generate new ideas with the help of their work by using Weber as my example.

Till now people have basically read Weber's economic sociology in a piecemeal fashion, trying to pick out some important idea or concept from his work, and use it for their own purposes. This way of proceeding has its advantages, but it also threatens to leave some of Weber's most precious contributions to economic sociology untouched.

One way to go beyond this piecemeal approach to Weber's economic sociology and generate new ideas from his work would be to lay bare Weber's *model for interpretive sociology* and see how this is also used by Weber in his economic sociology. By Weber's model for interpretive sociology I mean what he says on this topic in the seminal first paragraph of Ch. 1 in *Economy and Society*.

Just as Weber defines sociology as the interpretive study of social action, which has as its goal to causally account for its course and consequences, he must have seen economic sociology as the interpretive study of social *economic* action, which has as its goal to causally account for its course and consequences. If we were to paraphrase the famous definition of sociology in Paragraph 1 in Ch. 1 in *Economy and Society*, we would get the following definition of economic sociology:

Economic sociology is a science concerning itself with the interpretive understanding of social economic action and thereby with a causal explanation of its course and consequences. We shall speak of 'economic action' insofar as the acting individual

attaches a subjective meaning that involves the economy to his behavior – be it overt or covert, omission or acquiescence. Economic action is ‘social’ insofar as its subjective meaning takes account of the behavior of others and is thereby oriented in its course. (cf. *Economy and Society*, p. 1)

After having presented his definition of sociology in paragraph 1 in Ch. 1, Weber carefully goes through all of its key elements and explicates these in some twenty pages. Similarly, one may want to try to explicate the elements that add up to an *interpretive economic sociology* in Weber’s work. Four steps are involved in the latter, just as in the former:

You first approach what is going on from the perspective of interpretive understanding (*Step 1*). You then turn to the economic (social) action in question (*Step 2*). You proceed to a causal explanation of this (*Step 3*); and you do this in order to be able to account for the impact of social action and its unintended consequences (*Step 4*).

Step 1 in Weber’s model has to do with interpretive understanding, which means that the economic sociologist should always approach his or her subject with the intention of wanting to understand the meaning that the economic actors invest their actions with. When the woodcutter brings down his axe on the wood (to use Weber’s well-known example), it can be a case of wage labor, provision for one’s household or recreation from work – and which one it is depends on the meaning with which the action is invested.

Weber outlines three different ways in which we may decide in a reliable manner on the meaning of the actor (*Evidenz*). We can try to determine (1) the empirical meaning that the individual actors invest their actions with. There is also (2) the average meaning. And, finally, there is (3) the “ideal type” or an ascribed hypothetical meaning. Using an ideal type of rational action may also be helpful at an early stage of the research, since this will quickly draw our attention to the existence of deviations from rational action.

Since space does not allow me to go through the other three steps that are crucial to Weber’s interpretive economic sociology, I will stop at this point. I nonetheless hope that I have wet your appetite for exploring Weber’s project of an interpretive economic sociology (for a full presentation of the argument about Weber’s *verstehende Wirtschaftssoziologie*, see my working paper with this title on the webpage of Cornell’s Center for the Study of Economy and Society).

All in all, we need many more new and creative ideas in economic sociology. One way to generate these, according to my experience, is to bring together a small group of people around some topic that looks promising; and this is what I and some colleagues at Cornell have been doing, both when it comes to the role of hope in the economy,

and the role of technology in the economy. Another way to proceed is to dig deep down in the best thinkers in our field – the classics – and see what one comes up with.



What does the sociology of markets have to contribute to sociology?

Marion Fourcade-Gourinchas, UC Berkeley

Before we attempt to assess the future of the field we call “economic sociology”, we may want to address a few seemingly simple questions: How can such a field exist? What is the glue that makes it hang together? What kinds of lessons about the future can we draw from an analysis of the past of economic sociology?

In the programmatic statements of Granovetter and Swedberg from the early 1980s, perhaps the most distinctive thing about economic sociology was its attempt to directly engage economics (which was much clearer than its connection to earlier forms of economic sociology). In fact, this engagement was so profound that one may say without much exaggeration that economic sociology constituted itself as that part of sociology that deals with *the objects of economics*, rather than *economic objects* broadly conceived. Markets and firms were at the core of its intellectual project: the purpose, as Granovetter stated it, was to attack microeconomics upfront, on its own terrain.

What made this attack powerful was its theoretical stance, backed up by a new methodology. Thus in the version put forward by Mark Granovetter (1985), economic sociology emerges essentially as the science of “embedded action.” But while “embeddedness” is by now often being used as a catch phrase to capture many forms of social determination, in this earlier presentation it meant something quite specific: the effect of interpersonal connections on economic outcomes, or what Zukin and DiMaggio (1990) came to call “structural embeddedness.”

Of course this was a highly specific understanding, and it was duly criticized. The first critique was that it was substantially narrow: if we take seriously Marx’s basic point that everything –from sexuality to culture to politics– has, one way or another, its roots in the economy, or, more to the point, if we recognize that our nemesis is not Oliver Williamson but Gary Becker (that is, someone who treats everything as a terrain of application of economics), then we cannot seriously hold on to the idea of a well-defined core set of issues, whether for economics or for economic sociology. From this point of view, the task of economic sociology is much broader than the sociology of markets and hierarchies. The second critique was that it was theoretically narrow: institutions in this perspective were noth-

ing but “congealed networks”; and social relations, rather than social norms (Granovetter uses the term “generalized morality” in his 1985 article), were at the root of social order. One response to these critiques was to redefine “economic sociology” as a very ecumenical enterprise on both substantive and analytic grounds, something that is very much reflected in the *Handbook of Economic Sociology*, for instance. Today a very eclectic group of scholars recognize themselves in the label “economic sociology.” But of course this means taking away the original glue, so that all we are left with is a very pragmatic mode of existence. Paraphrasing Jacob Viner’s little phrase about economics, we should perhaps simply and modestly say that today *economic sociology is what economic sociologists do*. That is, it is nothing but an intellectual world, which people identify themselves with.

To say this, of course, is not to argue that this world is an amorphous, happy gathering of everything and everyone concerned with the economy. On the contrary, it has a definite shape, which can be studied. In other words, economic sociology has become a real field—not simply in the organizational sense but in the specific terminology of Pierre Bourdieu. Any field in this sense exists through its relations vis-à-vis an “outside” as well as its particular dynamics inside. Economic sociology is no exception: on the first point, it has its insiders and outsiders. For instance, those who organized themselves as the Political Economy of the World Systems section of the ASA were certainly doing economic sociology long before we thought about (re)calling it that way, yet the original project largely bypassed this particular set of approaches. In fact, it partly defined itself against them.

Today, of course, the enterprise and the label have been institutionally so successful that everyone claims to be on the inside.

But the inside remains stratified, too—just like every social enterprise. People differ in their intellectual claims, in the skills they bring to bear on this project, and in the influence they have over the definition of what economic sociology is about. A recent study of citation patterns in US economic sociology in the 1980s and 1990s by Convert and Heilbron (2005) shows that the core of the field is still very firmly located among people broadly associated with the study of markets and organizations. By contrast, questions about, say, labor (which have a perfectly legitimate place in the sociology of the economy), or gender, seem occupy a much more peripheral position within the field. Second, scholars located in business schools are featured very prominently in this list. Third, if network analysis remains dominant throughout the period, the trend after the 1990s is toward a comparative rise of neo-institutional and cultural approaches. (e.g. Fligstein and Zelizer)

If we are to take any lessons from the past about the future of economic sociology, then, one thing seems clear:

economic sociology as the sociology of markets and organizations still has the upper hand, and will continue to have it for some time to come. For one thing, it has a potentially huge constituency: the economics profession in its entirety. In fact, after decades of neglect, we are starting to see some measure of interest in the latest issue of the *Journal of Economic Perspectives*, which includes a symposium on economic sociology. Economists are, with some delay, now taking up network analysis, with all the excitement of novelty. But the other reason for the persistence of the sociology of markets is simply that it is inescapable. Markets, as Bernard Barber once said, have become absolute. They are the stuff our modern societies are made of. We simply cannot have a serious reflection on modernity without addressing issues of commodification, marketization, privatization.

Now this raises a question: Under what shape is the sociology of markets going to continue? This history is largely to be written, of course, but I think that the field is currently undergoing a quiet revolution, the fruits of which we may not see for some time to come. And my suspicion is that this revolution may significantly reshape the entire field of economic sociology.

The sociology of markets today is falling into three main camps (and I apologize here for the many other perspectives I cannot mention): on the one hand are the *structuralists*, who are interested in the role of social structures in determining market outcomes. This group may, in turn, be itself divided into two wings: the *network analysts* (followers of Harrison White) and the *field analysts* (followers of Bourdieu, DiMaggio, Fligstein), who—in very different ways—all emphasize the relative structural positions, as opposed to the *actual* connections, of market actors and their inscription in institutional and normative contexts (this latter element is particularly evident in the more *interactionist* version of (for instance) Smith or Abolafia). On the other hand are the *performativists*, a much more recent stream of research, by and large coming out of Europe and out of science studies (Callon, MacKenzie), who emphasize the way technologies (that is, men-machine complexes produced by accountants, economists, or operations researchers) intervene in the construction of markets and economies. In short, if everyone in the sociology of markets agrees that markets are socially constructed, everyone also disagrees on the main principle of this social construction.

The structuralists and performativists also differ quite remarkably in their attitude vis-à-vis economics. The **structuralists** by and large seek to oppose their analysis of markets to that of economists. Economists get it wrong, because they don’t pay attention to social connections among market actors, to the power dynamics, institutional context and cultural rules that underlie market organization, or to the habitus and practical skills of the individuals involved in the market game. In short, economists get it wrong because their theory of society (and of human action) is simplistic. The **performativists**, on the other hand, start from a very

different premise, which –in its purest form– does not require such a complex (Weberian) theory of society (that is, complete with culture and institutions). The performativists recognize economics not as a (misguided) science of capitalism but as its technology, that is, as one of the active ingredients in the production and reproduction of the market order. For them, the point is precisely to *question the very naturalness of markets* and trace their existence back to some powerful social technology. In the end, the exercise ends up showing not the futility but the real, practical effectiveness of economics in formatting the economic world. (Characteristically some critics (notably historian of economics Philip Mirowski) have denounced this approach as a *vindication* of neo-classical economic theory.)

These categories are, of course, very porous. There are many bridges between these approaches, and we can reasonably predict that the future probably stands somewhere at the interstices. For instance, the possible methodological bridges between network analysis and field analysis (in the form of correspondence analysis mainly) have been widely overlooked. (For an exception, see Breiger 2000) Of course actor-network theory is, after all, also about networks –the technical and non-technical links that tie people around activities. One of my own personal favorites starts off with Callon but deepens the contextual element. Indeed the ability of market technologies to perform the economy cannot be readily assumed outside of a whole set of social conditions, which must be studied in depth. As MacKenzie and Millo (2003) have brilliantly shown in the paper that just deservedly received this year's best article award in economic sociology, the construction of the financial derivatives market presupposed the mobilization of a whole network of people with interests in the implementation of particular technologies. It also relied on certain cultural assumptions about ways to make money, and on enabling political, legal and economic contexts that could be studied in depth. It is not a coincidence that this development happened in Chicago rather than in Paris! This is for the upstream –where markets come from. The other obvious direction looks downstream toward the social consequences of markets and is a rejoinder to the work of Viviana Zelizer and others. What kinds of meanings, sentiments, moral predicaments and social bonds are these technologies intertwined with? How do these economic artifacts relate to human relations –how do they change them, and how are they changed by them? What kinds of political representations are the discourse and social technologies of the market entangled with? It is there, I think, in the ability to link up the sociology of markets to a real theory of modern society, that the future of economic sociology lies.

I thank Kieran Healy for helpful comments on this piece.

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Internationalizing Economic Sociology

Ruth V. Aguilera, University of Illinois at Urbana-Champaign

We had a lively session at ASA on "Economic Sociology in the Next Decade and Beyond." In this short essay, I would like to share a couple of thoughts that I presented in that session: where economic sociology is today and my pledge to internationalize the field.

1. Where is economic sociology?

The recently celebrated ASA's 100th Annual Meeting puts economic sociology in perspective because even though the intellectual roots of economic sociology can be traced back to such classic sociologists as Marx, Weber, Durkheim, etc., the institutionalization of the field has occurred in the last few years through different mechanisms. Granovetter's 1985 article was the spark that rekindled the fire among economic sociologists, reminding us that economic actions are embedded in broader social relations. Then, the publication of the *Handbook of Economic Sociology* by Smelser and Swedberg in 1994 defined the field and its salient issues. In 2000, economic sociology was formally created as a section within ASA, giving the field its official legitimacy. Further institutionalization of the field of economic sociology are, for instance, the second edition of the *Handbook of Economic Sociology* (2005) and the *International Encyclopedia of Economic Sociology* edited by Beckert and Zafirovski (2005), the publishing of several other edited economic sociology books (e.g., Biggart 2002, Dobbin 2004; Guillén et al. 2003; Nee and Swedberg 2005; to mention just a few), as well as the fact that five Economic Sociology

paper sessions and two roundtables sessions were included in the program of the 2005 ASA Annual Meeting. Lastly, in terms of external accreditation, economic sociology is now one of the categories for the ranking of departments of sociology (*U.S. News and World Report*). Obviously, exciting developments in economic sociology also take place in other forums, outside the ASA. European scholars have been very active in this field, probably because of their relatively more extensive interest in culture and cross-national comparisons. An illustrative example of this activism is the Economic Sociology European Website (<http://econsoc.mpifg.de/>), which, since October 1999, has issued newsletters containing thought-provoking essays.

Naturally, the organized field of economic sociology continues to struggle, like any growing field, to find a common group identity and, most important, to differentiate itself from other well-established fields of sociology (i.e. “organizations” and “work”). I would argue that economic sociology is primarily concerned with the study of markets and, in particular, market behavior and market structure among organizations and individuals. For economic sociologists, relationships in their social and cultural context are key components of markets.

The largest contention among economic sociologists has been with its big brother discipline, economics. Hirsch, Michaels and Friedman’s (1987) essay on “Clean models and dirty hands” thoroughly covers this schism. In light of this ongoing tension, the best solution, as suggested by Fernandez, Castilla and Moore (2000) is to seek to conduct genuine interdisciplinary research by taking a “high road engagement” with economics. In other words, we need to stop the familial in-fighting between the two disciplines and cultivate fruitful exchanges by borrowing methods, understanding their rationales, and enriching their clean models with our sociological tool-kit.

2. The Centennial theme and Economic Sociology

The ASA’s centennial theme was “Comparative Perspectives, Competing Explanations,” which is very appropriate to economic sociology as we look forward to the development of the field. The comparative perspective allows testing for the generalization and utility of economic sociology variables, constructs and relationships. One of our collective flaws has been the extrapolation of the U.S. theoretical paradigms and empirical findings to generalize to other national contexts. In these cases, a cross-national (or regional) comparative approach is useful to enhance falsifiability. For example, in the sub-field of corporate governance, the Anglo-American view that firms’ primary goal is to maximize shareholder wealth is not entirely consistent with Continental European models or Asian emerging models, which tend to have a more stakeholder, long-term oriented view of the firm. In addition, other significant differences between the Anglo and the American sides of

the Anglo-American variety of capitalism which shape the structure of markets in these two countries, and in turn the way firms operate are often dismissed. For example, while managers in the United States possess extensive tools to avoid managerial discipline through takeover bids, in the United Kingdom shareholders can benefit from a more robust and less regulated takeover market. In effect, in most cross-national comparisons, differences are typically a matter of degree as opposed to a matter of type as shown by the shareholder value trends in German corporate governance (Fiss and Zajac 2004) and in the transformation of Japanese capitalism (Ahmadjian and Robbins 2005).

Competing explanations might include a test of the axiomatic predictions characterizing economic studies and enlighten these predictions with *rich* (my bias), empirical sociological investigations. Of course, it is easier said than done, but economic sociologists should strive for multiple method studies (triangulation), while being as comprehensive as possible in designing multiple-level analyses.

Finally, competing explanations are suited to economic sociology research as economies change and become increasingly connected to the global arena. The example used by Jerry Davis is illustrative of the so-called “rootless cosmopolitan” multinationals: Tommy Hilfiger has its headquarters in Hong Kong, is incorporated in the British Virgin Islands, holds its shareholder annual meeting in Barbados, has manufacturing operations in Mexico and China, and is listed on the NYSE. Multinationals transcend national boundaries and are difficult to pin down within a given economic system. Do our existing theories continue to explain the new economic and social realities of the 21st century? Social life encompasses the new economy and even the post-new economy, the post-emerging markets era, and the post-Enron era. Another example is the song, “*Besame, besame mucho*,” which has been caressed by Nat “King” Cole, rocked by the Grateful Dead, jazzed by Carmen McRae, and thundered by the Red Army Choir, and yet all of these musicians give different meanings to the same musical notes. It is interesting that *Besame, besame mucho* has become a global song, clearly shattering stylistic borders, and yet we know little about who wrote it (Consuelo Velázquez) and where she comes from (Mexico). I would urge everyone to endorse a more transnational, international and comparative perspective of economic sociology since we live in a world of international labor, product and capital markets, where white-collar crime affects not only a given organization but their suppliers in the antipodes, and where not paying a living wage or polluting the rivers in the southern hemisphere impinges on sustainable firm growth in the industrialized world.

I thank Emilio Castilla, Jesús De Miguel, Roberto Fernandez, Liz Gorman, and Huseyin Leblebici for their suggestions and comments during several conversations at ASA 2005.



The Evolution of Economic Sociology

Viviana Zelizer, Princeton University

A funny thing happened to me on the way to economic sociology. For my entire career, I have worked on different economic processes, with books on how life insurance became acceptable, on the valuation of children, on interpersonal monetary practices, and more recently on the economy of intimate social relations, as well as shorter forays into such eminently economic topics as consumption and children's work. For years, no one, including me, called what I was doing economic sociology. They were right, in a peculiar sense. The economic sociology that was growing up 20 to 25 years ago clung closely to mainstream economics, either extending its main ideas to ostensibly more sociological subjects, or identifying social contexts that constrained economic activity – still mostly assumed to behave according to precepts of neo-classical economics. It concentrated on what we can call extension and context accounts.

Over the last 10 to 15 years I have been surprised as anyone else to see myself become part of the economic sociology establishment, which is why you see me here today. What happened? Part of it is that I learned more about the variety of work going on in economic sociology and took a greater part in that increasingly energetic conversation.

But the big changes occurred elsewhere. Four changes deserve special attention. First of all, within economics itself. Such currents as behavioral economics, feminist economics, organizational economics, institutional economics, household dynamics, and more recently, neuroeconomics, mounted their own critiques of neoclassical models and started to create alternative accounts of economic processes, including the range of interpersonal relations on which I had been concentrating for many years. Something so simple as the introduction of game theory into household bargaining models, for example, substituted a set of interactions among players for the single preference-bound choices of earlier models.

Second, outside of economics, critics of law and economics, organization theorists, students of inequality, and critical feminists contributed to our thinking about how economic and social processes actually work. They, too, insisted on power, bargaining, and interpersonal transactions.

Third, at the edge of economics and sociology, a number of new, hybrid disciplines emerged to propose their own versions of economic processes. They included socioeconomics, communitarian economics, the French *économie solidaire et sociale*, and world systems analysis.

Fourth, economic sociologists not only grew in number and confidence but also moved away increasingly from extension and context accounts towards the formulation of truly alternative, socially based description and explanation of economic activity. Many of them rallied to Harrison White's declaration that markets themselves were deeply social creations rather than autonomous arenas on which social processes merely impinged.

Through these changes, I found that my own concentration on meaningful interpersonal aspects of economic activity no longer stood at the periphery of what was going on. Now, from the inside, I can see more clearly that the process of expansion continues. As one sign, browse the table of contents in Smelser and Swedberg's (2005) recently published second edition of their *Handbook of Economic Sociology*. It prominently features new institutionalism, emotions, behavioral economics, and law, all subjects absent from the first edition's table of contents only eleven years earlier.

Even more is going on in and around economic sociology. New topics and emphases include:

- Multiple markets: from an earlier almost exclusive focus on production, economic sociologists are now expanding their analysis into other markets, especially financial markets, consumption markets, markets for personal care, and what they loosely call the informal economy.
- Culture of firms: economic sociologists are finally shedding their structural armor, and studying how the meaningful content of social ties shapes transactions and alignments within firms.
- The production and reproduction of inequality, notably gender inequality. Economic sociologists increasingly challenge status attainment models that account for inequalities as results of encounters between biased market selection and attributes of individuals.
- Households as intense sites of economic activity. Here economic sociologists, along with their allies in economics and anthropology, not only identify extensive, consequential production, consumption, distribution, and transfers of assets but also interaction patterns that defy representation as short-term spot markets.

Most important, from my perspective, is the attack on a common presumption among economists and sociologists alike: what I call the twinned stories of separate spheres and hostile worlds. With separate spheres, we have the assumption that there are distinct arenas for rational economic activity and for personal relations, one a sphere of calculation and efficiency, the other a sphere of sentiment and solidarity. The companion doctrine of hostile worlds declares that contamination and disorder result from close contact be-

tween the spheres: economic rationality corrupts intimacy, and intimate relations hinder efficiency.

Challenging this false boundary matters. Why? Because the boundary perpetuates damaging divisions between so-called “real,” consequential market activity and peripheral, trivial, economies. More specifically, the dichotomy between serious economic phenomena, such as firms and corporations, and supposedly trivial, sentimental economies, such as households, microcredits, local money communities, immigrant roscas, pawning, gifts, or remittances. The real economy, in this mythology, consists only of market-mediated transactions, just as “real” money consists of a single, homogeneous, fungible legal tender.

Even economic sociologists, unfortunately, continue to adopt an attenuated variety of this conception, for example by distinguishing more and less market-like transactions rather than recognizing that every market depends on continuously negotiated meaningful interpersonal relations. Nevertheless, in general economic sociology is moving away from extension, context, and separate spheres reasoning toward a more fully social conception of economic activity.

Not all informed observers, to be sure, share my enthusiasm for current trends in economic sociology. Reviewing major compilations in the field, Eric Cheney, Rob Faulkner (2003) and Jesper Sørensen (2003) have offered precisely opposite criticisms of the field: Cheney and Faulkner declare that economic sociologists have excluded major fields of analysis, such as crime and the “dark side” of capitalism, that earlier sociologists handled quite effectively. Sørensen counters that the organizers of the field have become so inclusive they risk diluting the field’s intellectual content.

Each, as it happens, has a point. In their zeal to get institutional processes right, economic sociologists have spent little energy questioning the very existence of the institutions they study. And the expansion of subject matter I have been celebrating has reduced the field’s theoretical coherence as compared with the time when it operated chiefly as a close complement to mainstream economic theory. Yet we have grounds for thinking that new, more critical versions of economic sociology will emerge, and that new syntheses are in the making.

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Economic Sociology in the Next Decade and Beyond

Thomas Beamish, UC Davis

As program chair, I was given the task of organizing the economic sociology section sessions at this summer’s ASA. In assembling the invited panel, “*Economic Sociology in the Next Decade and Beyond*” I hoped to capture some of the energy that has infused economic sociology (hereafter ES) of late. Outgoing Chair Nicole Biggart—who helped organize the panel—and I were very pleased by the level of interest in the session. The session verified and captured what we intended it to tap—an exciting arena of study with a good bit of momentum behind it.

That said, my task in this essay is to reiterate the key points of my presentation. (1) “*Where has ES been?*” (2) “*Where is ES apt to go?*” and (3) finally “*Where would I like to see ES go in the future?*” or, at least, where would I like to see more directed energy spent in ES scholarship.

Where has ES been?

In answering *Where ES has been*, two issues indelibly mark its historical legacy in this research arena. First, ES has had an ongoing “argument” with classical and micro economic models (hereafter “conventional economics”) over their penchant for naturalizing market relations. As conceived of in conventional economic approaches, exchange in its “natural form” would appear as a “perfectly (efficient) market” (Eatwell, Milgate and Newman 1987). While on occasion conventional economists will admit markets are real places with real actors, it is against the presumption of the primal market and its optimizing character that they compare all exchange relations (Becker and Murphy 2000).¹

Obviously, such assumptions and their normative tone put economic models at odds with much of what underlies ES research and theory, hence “the argument.” While ESs may disagree on many items, most—I think I can say with little fear of disagreement—do not adhere to the forgoing suppositions. Likewise, conventional economists strongly differ from a sociological view that approaches economic contexts more agnostically. Exchange relations, like other

¹ By “conventional economics” I do not make reference to institutional economists or others, for example Marxist economists, who do not lie at the center of U.S. Economic theory and practice.

social affairs, reflect inherently social processes and relations that may or may not reflect or promote the “efficient” exchange and distribution of goods and services (Biggart and Beamish 2003). For sociologists, “efficiency” tends to be an empirical question not an assumption.

Second and paradoxically perhaps, the polemic with conventional economists has also lent ES work a good bit of its current form and energy. I would go so far as to say that the argument, which has deep historical and philosophical roots in Sociology, is a productive one and should continue, albeit in a modified form and not for its own sake. This may surprise some, as of late there seems to be a chorus of voices objecting to a continued argument with conventional economics, claiming ES should “move on.” Yet, in my opinion and in defense of this “argument,” it is not a purely rhetorical exercise, a desire to spearhead an “intellectual insurgency,” nor reducible to something as crass as career building opportunism (e.g., Postrel 2005). What is more, it need not take form as a *carte blanche* condemnation of commercial endeavor, monetization, and cost accounting or an equally naive celebration of social spheres where caring and substantive concerns supposedly reign supreme. A reified “hostile worlds” view, whether presented via economic assumptions or through simplistic diatribes against them, is equally reductionist and unproductive (Zelizer 2005).

Rather, ES’s “argument” with conventional economics should be rooted in the empirical world practitioners observe. ESs have shown empirically how economic relations involve more than those captured in ideal typifications of market relations. Indeed, economic relations, even modern markets, must include more to succeed as places where societies reproduce themselves via materially producing, distributing, and consuming goods and services (Beamish and Biggart 2005).

“Where ES is apt to go?” and “where would I prefer ES to go?”

The question, *Where ES is apt to go* reflects three key relationships: ES’s relationship to conventional economics; ES’s relationship to itself; and ES’s relationship with broader sociological streams of thought and theory. Addressing these requires that I collapse, to a degree, my comments on *Where ES is apt to go* with those concerning *Where I would like ES to go* as my prescriptions reflect my interpretation of current trends in our shared field of study.

First, admittedly, the argument ES has had with conventional economics has come at a price. In a good deal of the contemporary ES research, conventional economic conceptualizations, as a theoretical foil, has supplied a center of gravity as ES has spun out empirical studies that have problematized those suppositions. The critique has tied diverse ES work together. A result has been a good bit of centrifugal, rather than centripetal momentum reflected in ES’s empirical and theory building efforts. This is where the

critics who advocate discontinuing ES’s argument with conventional economics have a strong point; a shared antipathy for conventional economic suppositions is not enough to sustain a scholarly field. ES does require its own bulkhead or bulkheads.

This brings me to a second point regarding *Where ES is heading*, and the relationship the prevailing analytic strategies within ES have both to one another and to the broad theoretical streams that define sociology in general. ES has used social network ideas, organizational theory, and the sociology of culture to answer questions of economic importance. ES has used these analytic approaches quite effectively. Yet, to improve the expansiveness ES theory and ability to explain economic behavior, ES should seek to bridge these divisions more explicitly. What is more, contemporary ES theory has also remained rather isolated from mainstream sociology; too often, ES fails to connect clearly its observations and theoretical ideas to broader sociological streams of thought.

My comments thus far, have already moved in the direction of stated preferences. And while my list is ambitious, I would add a need for greater attention to the place of agency in economic contexts. At the meso- and micro levels, ES’s efforts—while intriguing and hinting at the outlines of what is to come—are still left wanting in this concern. Sociological accounts have not typically afforded the individual the luxury of seeing themselves planning and acting, given the social forces they have characteristically described. ES needs to if it wants to present stronger theories of economic action as well as be taken seriously outside its own professional circles by folks (including each of us!) who believe they are, in some measure, “agents.” In this, ES need not start from scratch. There is a great deal outside of economic sociology that addresses agency that is largely unappreciated in the mainstream of the field’s empirical research.

In conclusion, I have contended that contemporary research efforts in ES reflect, in part, the legacy of an argument with conventional economics. This legacy cuts both ways, it has been both advantageous and costly. On the one hand, because ES has been preoccupied with refuting conventional economic conceptualizations, it has been difficult to generate a “center of gravity” as scholars from a range of theoretical stances have tried to provide alternative answers to questions of economic significance. On the other hand, the argument has infused ES with purpose and provided a good bit of its consensus and structure, if only in the negative. I have argued that ES should continue to argue with conventional economic assumptions and models because they violate what ES has found underlie “the social basis for exchange.” This is not a call to arms or a simple matter of careerism. Rather, arguing with economic models reflects a basic substantive disagreement and that they are more than “just theories;” they are well funded, rewarded, regulated, and enforced by institutions and economic actors

who deem them preferable and rationalize them, in part, based on claims of “naturalness” (Bourdieu 2001). Economic sociologists have found that network relations, structural expectations, and deeply embedded cultural meanings provide the foundation for exchange, not a self-maintaining natural order. Economic contexts, and specifically market dynamics as one type, do not precede but follow from such social “materials.” In the final analysis, ES views these underlying, infusing, and thus making “economics” possible.

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Public Economic Sociology



The Poor Visibility of Economic Sociology: What Is To Be Done?

Akos Rona-Tas, UC San Diego

A year ago, Daniel Gross, a business writer for *The New York Times*,² announced on the pages of the Sunday Business Section a major discovery by Nobel-laureate, Kenneth Arrow that should soon revolutionize the way we think about labor markets. Arrow, Gross wrote, made the stunning observation that labor markets are not always efficient and proceeded to discover that it is not just what you know that matters in how much money you will make, but also who you know. Gross, paraphrasing Arrow, explained that the key to this mystery can be found in social networks that supply additional information about job applicants to employers. Networks are especially valuable, we learn, in finding out about such personal characteristics as reliability and sense of humor. Arrow's breakthrough insight then was followed by testimony from others. The lineup included Arrow's co-author and ex-colleague now at the Federal Reserve, followed by an economist from Georgetown and a management professor from NYU. The paper that sparked the article was a working paper written for the Federal Reserve.³ What is most remarkable is that the authors presented their proposition without the benefit of proper data. The paper is a simulation with implausible simplifying assumptions that is then “calibrated” by using some aggregate information from two surveys.

So what happened to three decades of research in economic sociology? Why is sociology completely ignored on a topic about which it produced an enormous literature? In the first footnote of the paper, Arrow acknowledges that “the ‘classic study is that of Mark Granovetter,’ his colleague at Stanford and some other sociologists are also cited. So why is sociology completely invisible by the time it reaches the public?

If we want to do more than sulk about getting no respect, we must think about the reasons and develop a strategy to respond. There are many reasons why economic sociology, and sociology in general, receives less exposure than it deserves. The first one is supplied by Gross' title: It's Who You Know, Really. Sociologists are not well connected to the networks of journalists who are often desperately seeking experts on newsworthy topics. Journalists will contact people they already know about and have entered

² It's Who You Know, Really, *The New York Times*, Aug 22, 2004.

³ Kenneth J. Arrow & Ron Borzekowski, *Limited Network Connections*, Aug 18, 2004, Federal Reserve, Finance and Economics Discussion Series: 2004-41.

into their PDAs. There are two circuits of journalists. The first circuit is assigned to covering breaking economic news: be it current corporate scandals, the release of interesting economic figures or economic issues on the political agenda. Here the emphasis is on what is new in the world. In this circuit time is of the essence and the message journalists are looking for from academics is unambiguous, practical and simple. The second circuit is that of economic journalism, where journalists try to translate ideas from scholarship to lay language. Here the emphasis is what is new in academia. The *New York Times*, the *Boston Globe*, the *Wall Street Journal* and the *Economist* all act as popularizers of academic knowledge about the economy. They always look out for novel, interesting ideas which do not need to have immediate practical relevance for current affairs. Gross' article is one example of such journalism.

Economic sociologists should aim at both circuits. Targeting the first one, we should institute a discussion board monitoring and documenting the way the news media uses -- or ignores -- our research. Our ASA Section should also compile a selective registry of expertise. To help infiltrate the second circuit, the Section could start a pre-publication working papers series and contact the dozen or so key popularizers with work they may find interesting. This could inject our intellectual presence into the discussion of the educated lay public.

The second reason is rooted in tensions in economic sociology which makes it hard to build prestige. We straddle the humanities and the social sciences. Some parts of our sub-discipline are indebted to cultural analysis, history, even literature, while others are more in line with positivistic trends. Further tensions are evident between critical and applied approaches, micro- and macro views, historical and functionalist theoretical frames etc.. Some of these tensions will have to be debated, but I doubt that we will resolve any of them, and I don't think we should. One of our comparative advantages comes from these tensions as they can be a great source of creativity. The best scholarship in our area comes from working both ends of these spectrums. Yet these tensions make economic sociology less attractive as a public conversation partner because it makes it appear confusing and less worthy of attention.

One way of unifying our discipline is by building a bi-annual international prize of our own. An international prize of real prestige would have various advantages. Prizes give focus to fields, signaling what is considered the leading edge in the discipline without necessarily killing diversity. Moreover, international prizes bring disciplines out of their national isolation and create circulation of ideas across national borders. (Many of us will be surprised to find that economic sociology is already held in very high regard in Europe and the developing world.) And last but not least, such a prize would indicate to the outside world, journalists included, where to look for important ideas. Until we cannot agree on what important contributions we have, we

cannot expect the outside world to agree that we have important contributions.

A prestigious prize could give us some help in breaking the vicious cycle of the Matthew Effect.⁴ Introduced by Robert K. Merton, the Matthew Effect explains why credit in any scientific collaboration will always accrue to the most prestigious member of the team. An idea associated with a Nobel prize will always be credited to him even if others of lesser reputation had larger roles in developing it. Economists start out with more prestige because they have a fairly strong consensus about quality in their discipline and they built various institutions to buttress this consensus, the ultimate of which is the Nobel Prize

The third reason is that we are not taking advantage of our current relative strengths. We do more empirical work, have better stories and we are better at asking interesting questions, all of which have real value in the media. Economics is better at theory, formalization and problem solving. Of course, we should try to improve in those areas too, as economics is catching up with us fast on our grounds, but in the meantime, we should use what we have now.

In Arrow's article, although the names of sociologists do appear in the article, the word sociology or sociologist are absent. Moreover, Arrow is not particularly interested in the content of existing sociological research. He uses it as a rhetorical vehicle to show the topic he is about to raise is plausible. Arrow is famous for introducing sociological themes into economics, as he did with trust and discrimination, but Arrow's role is not so much to import sociological research into economics, but to legitimate new ideas in his own discipline. Subsequent papers by economists then cite Arrow as their license to delve into these topics and they ignore sociology altogether. We must make ourselves visible, because economics will not do us this favor no matter how much it borrows from us.

⁴ I thank Olav Sorenson for suggesting this idea. See Robert K. Merton, *The Matthew Effect in Science*, *Science*, January 5, 1968.

Economic Sociology and Technology



The Politics of Technology and Economy

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Given the central role that technology plays as a driver of economic growth and development, it is surprising that economic sociologists have not focused more intently on how technologies emerge and develop. This gap in our field was recently highlighted with the publication of the second edition of the *Handbook of Economic Sociology* (Smelser & Swedberg, 2005) which included a new chapter on technology written by **evolutionary economists!** Evolutionary economists offer a limited perspective on technological development, focusing on how technological forms get locked-in via sunk costs, learning and increasing returns, while generally neglecting the role of power, social relationships and culture. Even though economic sociologists have not completely ignored the importance of technology (e.g., Granovetter & McGuire, 1998; Podolny & Stuart, 1995; Powell et. al., 2005; Zucker, Darby & Brewer, 1998), there is a need to cultivate a broader and more comprehensive dialogue about technology and economy that understands this relation as highly politicized.

The impetus for this commentary stems from a recent conference organized by Trevor Pinch and Richard Swedberg at Cornell University on Economic Sociology and Technology (September 2005) which gathered various scholars from Europe and America to discuss points of intersection between economic sociology (ES) and science and technology studies (STS). This conference featured excellent work at this interface by David Stark, Karin Knorr Cetina, Alex Preda, Akos Rona Tas and many others. A wide variety of important questions for economic sociologists were raised such as how technology shapes social interaction in markets, how technological models are used to define and order markets, how new fields are taking shape to promote technology commercialization, and how technological paths are created and developed. Too often, however, the analysis of power and role of political processes was either too implicit or neglected altogether. This has been a general problem with micro-interactionist STS analyses as well as the network emphasis in economic sociology that tends to analyze power with muted conceptual language such as status without addressing winners and losers in a serious way.

Frickel and Moore (forthcoming) highlight the centrality of power and politics to science and technology and point the way towards a more complete economic sociology of technological development. Building on Blume's (1974) insights about the interpenetrated nature of science, politics and the economy (contra-Merton), they argue for a "New Political Sociology of Science" that focalizes the institutional bases of power in knowledge production. Such a program of research would examine questions such as "the direct and indirect costs and benefits of profit-driven research, the implications of formal and informal conventions governing participation in decisions about research, and the processes through which such decisions are made and implemented. What knowledge gets made? Who gains access to that knowledge? What kinds of knowledge are left 'undone'?" Frickel and Moore suggest that to address such questions, scientific activities must be analyzed within broader political fields. This basic insight is equally relevant to questions about technology and economy.

Research on technological paths has already begun to move in this direction. For example, Granovetter & McGuire (1998) emphasize the importance of power and networks in their account of how Edison's vision of centralized electricity distribution became dominant despite the existence of a possibly more robust, decentralized technological alternative. Highlighting the contested nature of path creation, Lounsbury, Ventresca & Hirsch (2003) showed how collective mobilization in support of recycling technologies was able to reverse the apparently locked-in technology of waste-to-energy incineration in the U.S. solid waste management field by editing field level cultural frames.

Despite the richness of such cases, however, we still have little systematic understanding of how technology paths develop (Podolny & Stuart, 1995) and how they are shaped by scientific infrastructures—especially important in techno-scientific fields such as biotech and nanotechnology. A field approach can provide a more systematic approach to technological paths by revealing how some techno-scientific approaches win and get developed while others are neglected. Such an analysis would strive to understand the multiplex interactions among a wide variety of actors who influence technological paths by directing resources and shaping attention.

In techno-scientific fields, scientists (academic and corporate) are obviously important actors who contribute to technological path development through their inventions and efforts to extend knowledge in specific scientific realms. Further downstream, corporations, research institutes, and government labs engaged in research and development of intellectual property are key actors that focus on some technological areas while neglecting others. Patent attorneys, technology transfer officers, and patent examiners also play key roles in defining "novel" intellectual property. In addition, actors such as trade associations, government

officials, funding agencies, the media, venture capitalists, technology consortia, and conference organizers can all play key roles in defining technological paths by shaping priorities and endorsing and defining particular directions of research and development.

A comprehensive approach to questions such as technological path creation must appreciate the inherently political nature of fields and assess how the stratified nature of these diverse actors consequently shapes such outcomes (e.g., Bourdieu, 1984). A broader economic sociology research program on technology should draw and build upon our existing stock of knowledge about the importance of networks and micro-interactions, but needs to also address more fundamental questions about how technology and economy are shaped by power relations and broader institutional structures. This will enable us to better understand the limits of Capitalistic power to shape techno-science by fostering increased commercialization, while perhaps also providing practical insights about how to design more efficacious policy that appreciates the voices of multiple stakeholders. Let the conversations begin!

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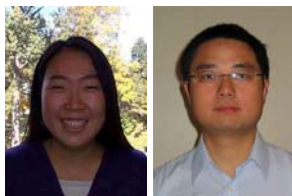
Call for Submissions for the Next Issue of *Accounts*

The next issue of the Accounts newsletter focuses on the work being done at research centers and within collaborative efforts; it is titled *Collaborations and Research Communities: Advancing Scholarship in Economic Sociology*. In the next issue of Accounts, we want to hear from all types of collaborative efforts, including work being done at established research centers housed in sociology departments as well as other forms of collaborative work between scholars. Our hope is that the next newsletter will alert section members to the work being done around the country (and around the world!) that is driving research in economic sociology.

The submission deadline is February 1, 2006; we ask that submissions be somewhat brief summaries of your group's work, including areas of research, theoretical and methodological approaches, interesting results or findings, etc. Submissions should make every possible effort to limit themselves to 600-800 words; this is, after all, a description of your work, not a grant proposal!

~ From the Editorial Team

Economic Sociology in China



China's Economic Sociology in an Era of Great Transformation

Li Ma & Ningxi Zhang, Cornell University

Ill-Fated Sociology in Socialist China

The development of sociology as an academic discipline in China has been tightly related with the country's history of continuous social turmoil and changes. The idea of systematic study of human behavior was imported into the country alongside Western ideals of scientism and democracy in the early 20th century. Translated version of Herbert Spencer's *The Study of Sociology* induced some academic excitement which permeated a short period of enlightenment of social sciences. In the 1920s, a few elite higher education institutions, such as Yenching University (the predecessor of Beijing University), established sociology departments. Early sociological research was heavily influenced by British social anthropologists (notably Redcliff-Brown and Bronislaw Malinowski) and the Chicago school. The focus was on community studies of the rural population, industrial workers and ethnic minorities through ethnography. Later on, as China entered into the Communist era, Marxist theory dominated the field of social sciences. Radical Marxist ideology was fervently favored and left no room for other contending social theories. Sociology was accused of being a "bourgeois discipline", and was abolished in 1952. Although it later regained legitimacy with the efforts of some conscientious Chinese sociologists, it was confined within the subject areas of population, family, minority, etc.

Since the start of the reform, the communist party relaxed ideological control and encouraged academic diversity. The establishment of the CSRA (Chinese Sociological Research Association) in March 1979 signaled the restoration of sociology as an independent discipline. Despite the re-establishment of the discipline in higher education, today only a number of major universities have standalone sociology departments.

Nameless' Economic Sociology

Chinese sociologists have been observing and explaining economic processes since Xiaotong Fei, the founding figure of Chinese sociology. In his doctoral dissertation *Peasant Life in China* in 1938 supervised by anthropologist Malinowski, he explained how traditional family workshops and small-scale village industrial enterprises organized their resources in local productions when faced with rising competitions from abroad. However, even among sociologists,

economic sociology, a major subfield of sociology which is gaining recognition in the West, is far from being recognized, despite the fact that leading Chinese sociology journals have been publishing empirical research articles on agricultural reform, township and village enterprises, reform of state-owned enterprises, migration and labor markets, economic growth and sustainable development, private entrepreneurship, investment in technology development, the institutionalization of bankruptcy, etc. Empirical studies are often for policy purposes, and there is a lack of robust theories. Unlike American economic sociologists who constantly revisit insights from classical sociological theories, Chinese sociologists feel more distant from their 'foreign' intellectual ancestors, since many classical sociology works are either poorly translated or not available.

There are only a handful of Chinese universities with economic sociology as a subfield in their sociology departments. The typical Chinese university system classifies sociology into the following subfields: applied sociology, urban sociology, social stratification, developmental sociology, culture, ethnicity, social psychology, and social work. The fact that much of the research aforementioned has been jointly conducted by both Chinese economists and sociologists has not seemed to help to solidify economic sociology's position.

Time to Invigorate the Field

China's transition from central planning system to a market-oriented system makes it a natural laboratory for sociologists, especially economic sociologists, to observe on-going economic processes. The country's economic and social transition serves an arena for theory-building and empirical research in economic sociology. It is a perfect case for targeting the unrealistic assumptions of neo-classical economics. China's historical transformation also offers an ideal opportunity to revisit classical economic sociology theories that explain the emergence and variety of capitalism, a topic of primary interest to Polanyi, Marx, and Weber.

Observers of China's economic changes have confidence that economic sociology is gaining attention, as Chinese sociologists are turning to the world and among themselves for research tools to make sense out of their fast-changing economy and society. Government research funding has also started to flow into this subfield. They foresee the rise of economic sociology in China just as they are witnessing the rise of China. Major research topics in economic sociology—including market-building, institutional innovations, organizational innovations and entrepreneurship, networks and knowledge diffusion, and existing informal norms and emerging norms, trust relationship and economic transactions—can find the perfect soil for testing. This subfield needs to be formally established. This would facilitate Chinese sociologists' access to more resources.

Opportunities for theory-building are abundant in this dynamic era. They are not only opportunities for Chinese sociologists, but also opportunities for international scholars.

Book Review



Status Signals: A Sociological Study of Market Competition, by Joel M. Podolny (Princeton: Princeton University Press, 2005)

Min-Dong Paul Lee, Cornell University

The central theme of this book, *Status Signals*, stems from a deceptively simple yet ingenious idea that one of the most potent concepts explaining social relations, status, can also be used to explain inter-organizational dynamics. Using plentiful examples and meticulously designed and executed empirical studies, Podolny explains what organizational status is and how it affects market interactions between organizations. Many of the chapters in this book have previously been published in other forms, but they are now placed in their rightful place in the sequence of theoretical construction. The introductory and concluding chapters tie the rather complex theory neatly together.

The study begins by delineating the meaning of status in market. Defining status is accomplished by distinguishing it from other related concepts such as reputation and brand. Status is fundamentally a relational concept that refers to a firm's position in social rank vis-à-vis other firms in the same market. It is different from reputation in that it is not simply based the firm's past demonstration of reliability, and it is a much finer concept than brand which encompasses both reputation and status. Having delineated the meaning of status, the obvious next question is "so what?" How does organizational status function in a market, and how does it affect market exchanges?

Podolny argues that status primarily functions as a signal of a market actor's underlying quality when there is uncertainty about the quality and when the information stemming from reputation is imperfect. Quality is not something that is perfectly observable, and there is often only a loose linkage between past manifestations of quality and the present quality. Therefore, status signals buyers with the critical additional information about the underlying quality of the producer or service provider. Therefore,

higher status brings considerable market advantages to firms. As Podolny argues, high status firms enjoy the advantages of reduced transaction, advertising and financial costs, thus unleashing the infamous Matthew effect in the organizational world.

Yet, quite fascinatingly, high status firms can never completely dominate the market precisely because of the second nature of status termed by Podolny as "leakiness." By leakiness of status, he means that status is an integral part of the exchange between market actors. In other words, a high-status firm that engages in market exchanges with low-status firms will forfeit some status, while the low-status firms gain more status. Therefore, high-status firms cannot enter low-status market and take advantage of its lower cost and higher profit margin. The leakiness of status shields low-status firms from high-status firms, just as much it shields high-status firms from potential low-status competitors. Through various empirical studies on industries ranging from wine and investment banking to semiconductor and shipping industry, Podolny illustrates that status has significant effect on a number of market dynamics such as competition, market entry and market exit.

As consumers, we all implicitly understand the meaning of status signals in the market. When we buy a product for the first time, we often consider who made the product and infer the quality of the product from the status of the manufacturer. I am relieved to know that my common sense approach in buying product is not too far-fetched. On a more critical note, I believe that an important theoretical contribution of organizational status theory is the offering of a powerful analytical tool for sociological understanding of market. During the last two decades, embeddedness as an analytical tool has had a massive ripple effect on researches in economic sociology. I won't be surprised if the next wave of ripples is generated by the concept of organizational status.

Call for Papers

SOUTHWESTERN SOCIAL SCIENCE ASSOCIATION

Annual Meeting - San Antonio, TX - April 12-15, 2006
http://www.sssaonline.org/call_for_papers.html

General Sociology papers should be sent to Cherylon Robinson crobenson@utsa.edu

Economic Sociology papers may be directed to Claudia.Scholz@utsa.edu

Award Announcements

2004 Viviana Zelizer Distinguished Scholarship Award in Economic Sociology

Award Committee: Sarah Babb (BC) and Heather Haveman (Columbia)

The winner of this year's *Viviana Zelizer Distinguished Scholarship Award* is "Constructing a Market, Performing Theory: The Historical Sociology of a Financial Derivatives Exchange," by Donald MacKenzie and Yuval Millo, published in the *American Journal of Sociology* in July 2003. Drawing theoretical inspiration from Callon's recent work on the performativity of economics, MacKenzie and Millo show that markets are not just socially embedded, but rather are invented by society, and in particular by the economics discipline, which teaches social actors how to behave as market actors.

This article substantiates this claim by examining the history of options markets in the Chicago Board Options Exchange. In the 1970s, economists developed theories of how rational economic actors would respond to the incentives of this complicated financial instrument to arrive at a price. Options theory was subsequently described as the most successful theory not only in finance, but in all of economics, based on its ability to explain empirical data. What MacKenzie and Millo show, however, is that options markets did not initially behave in ways that economic theory predicted. They identify many factors that eventually brought market behavior into line with the theory; three stand out as particularly important. The first was the liberalization of financial markets, which removed price-distorting state controls on financial markets. The second was that the theory legitimated the practice of options trading, removing its stigmatizing association with gambling behavior. The third was the fact that over time, traders learned the theory of options pricing, and thereby to behave in ways that fit the theory. Thus, MacKenzie and Millo's article shows that the discipline of economics is not a neutral observer of market, but actually contributes to creating it.



Ronald Burt Prize for Best Graduate Student Paper

Award Committee: Michael Frenkel (Hebrew U of Jerusalem) and Sean Stafford (LSE moving to Chicago)

This year's winner is Steve Lippmann (University of North Carolina at Chapel Hill) for his paper: *Public Airways, private interests: Competing visions and ideological capture in the regulation of US broadcasting 1920-1934*. Grounded in a careful historical analysis and informed by current thinking in economic sociology, this paper examines the early years of the radio broadcasting industry in the US and the ways in which commercial broadcasters influenced the federal radio act, the first regulatory legislation to govern the broadcast industry. The paper's key argument is that in order to be able to affect state policy, commercial actors should frame their interests, their purposes and their own role in the field in manners similar to the prevailing ideologies of central state actors. The idea of ideological capture that Steve tries to develop focuses on the processes through which corporate interests may influence the state and regulatory agencies. Ideological capture is a weak form of regulatory capture, a term economists coined to describe a situation in which the state comes under heavy influence of an industry it initially set out to regulate. By focusing on the interplay of cultural frames and material interests, Steve offers a theory that takes interest and agency seriously, while also paying attention to the cultural frameworks and legitimacy in organizational action. Our choice ended up reflecting our appreciation for Steve's ability to coherently integrate insights from different literatures and create a truly interdisciplinary project as well as to a graduate student's courage to take a road less taken and develop his own theoretical concepts.



Call for Nominations

Viviana Zelizer Distinguished Scholarship Award: The Economic Sociology Section invites nominations for the 2006 Zelizer Distinguished Scholarship Award for an outstanding book published in the field of economic sociology (the award alternates annually between books and articles). Eligible books must be published in the 2004 or 2005 calendar years. Authors may submit their own work or nominations may be made by others. A letter of nomination and three copies of the book should be sent no later than March 1, 2006 to: Bruce G. Carruthers, Department of Sociology, Northwestern University, 1810 Chicago Avenue, Evanston IL, 60208-1330. Nominators can arrange for books to be sent under separate cover (direct from the publisher, for example). Nominated books cannot be returned to the author or nominator.

Ronald Burt Award for the Best Graduate Student Paper: This award is offered annually for the best graduate student paper in economic sociology. Persons who are graduate students during the current academic year are invited to submit published or unpublished papers for this award. Eligible papers must be singly authored and have been written while the author was a graduate student. Send submissions by March 1, 2006 to: Bruce Western, Department of Sociology, Princeton University, Princeton NJ 08544, and Paula England, Department of Sociology, Building 120, 450 Serra Mall, Stanford University, Stanford CA 94305-6471.