Volume 8, Number 1 | November 2006

Editor
Nina Bandelj, University of California

Editorial Board
Patrik Aspers, Max Planck Institute for the Study of Societies, Cologne, and Stockholm University
Jens Beckert, Max Planck Institute for the Study of Societies, Cologne
Johan Heilbron, Centre de Sociologie Européenne, Paris
Richard Swedberg, Cornell University, Ithaca

Table of Contents

Note from the editor_2

Articles
Lars Mjøset: The study of Nordic varieties of capitalism_4
Marta Kahancová: How social interaction matters for work practices in Western and Eastern Europe_12
Patrik Aspers: Global garment markets in chains_18
Erik Larson: Creating markets, leaving legacies_23
Treas/Drobiñi: Understanding the household division of labour_28
Viviana Zelizer: Circuits in economic life_30

Interview
Laurent Thévenot answers ten questions about economic sociology_36

Read and recommended_41

Book Reviews_43

Information
Announcements: MIT Sloan’s economic sociology program_48

http://econsoc.mpifg.de
Note from the editor

Dear reader,

It is my distinct pleasure to welcome you to this issue of the European Economic Sociology Newsletter as its new editor. I follow in the footsteps of my able predecessor Olav Velthuis whom I thank for his great work over the past two years as well as his generous advice and support during the editorial transition. I am grateful to the Editorial Board for their vote of confidence.

I take on my editorial responsibilities with excitement and commitment to contribute to a project, which strives to be a forum for new ideas and stimulating discussions in economic sociology. With more than 1200 subscribers and many regular website visitors, the European Economic Sociology Newsletter (EESN) is a wide reaching outlet in Europe and beyond. I look forward to helping this project grow further in its theoretical, empirical and geographical scope. The issue in front of you is a step in this direction.

While providing a broad range of stimulating contributions, this issue pays special attention to comparative cross-national economic sociology. Comparison, as Durkheim claimed, is integral to sociology. Not surprisingly, an increasing number of economic sociologists employ comparisons to examine the varieties of economic outcomes across countries, regions, organizations, and other social groups. Comparison helps reveal the diversity and/or commonality in macro-economic organization, market outcomes, work patterns, economic practices within households, and other areas of economic life. This issue presents a sampling of this diverse research and extends an invitation to economic sociologists to think in broadly comparative terms.

Setting the comparative stage, Lars Mjøset reflects upon the study of Nordic varieties of capitalism to put forth, as he states, “a plea for contextual generalization through comparative specification.” Moving from a cross-national comparison of capitalist organization to a cross-national comparison of organizational outcomes, Marta Kahancová employs an opportune research design by contrasting work practices and industrial relations of four firms in different European countries, all subsidiaries of one multinational corporation. Using data from countries as diverse as Sweden, the U.K., India and Turkey to highlight commonalities rather than differences, Patrik Aspers examines emergence and persistence of order in global garments markets. Erik Larson reports some of his research findings from an interesting study of the creation and operation of stock market exchanges in Fiji, Ghana and Iceland. Interested in households as settings of economic activity, Judith Treas and Sonja Drobnič provide a short overview of their cross-national research on the household division of labour in Germany, Finland and the U.S.

The contribution that follows attests to the spirit of EESN as a forum for cutting-edge ideas in economic sociology. Viviana Zelizer, one of the most prominent scholars in contemporary economic sociology contributes a piece in which she develops further her ideas on circuits of commerce. Zelizer extends an invitation to researchers to conceptualize and empirically analyze economic activities that cannot be captured well by more traditional foci on markets, organizations, networks or dyadic economic relations.
The issue also includes the »interview« and »read and recommended« sections that a regular reader will have expected and a newcomer will likely find of considerable interest. Laurent Thévenot, from the École des Hautes Études en Sciences Sociales, Paris, engagingly answers ten questions about economic sociology. Yuval Millo, from the University of Essex, recommends not only a book and an article but also a piece of software that might be of interest to many readers. We also include book reviews of some major new additions to the economic sociology scholarship, as well as an announcement of a new economic sociology Ph.D. program at the Massachusetts Institute of Technology, directed by Ezra Zuckerman and Roberto Fernandez.

If you find this collection stimulating and have not signed-up yet for a free subscription to EESN, you are encouraged to do so at http://econsoc.mpifg.de. You may also consider recommending EESN to your colleagues or students who might be interested. Last but not least, should you have a short research piece that you would like to contribute, a description of a dissertation in the field of economic sociology that you/your students have recently completed, or if you want to write-up a response to essays included in this issue, do not hesitate to pass them along. As always, we welcome book review suggestions and announcements of interest to economic sociologists, and are open to any economic sociology ideas that you would like to share. I look forward to hearing from you.

With best wishes,

Nina Bandelj
nbandelj@uci.edu
The study of Nordic varieties of capitalism.
A plea for contextual generalization through comparative specification.

Lars Mjøset
University of Oslo
lars.mjoset@sosiologi.uio.no

The political economy of the Nordic countries became a topic in academic social science in the wake of the 1960s student revolt. In this note, I give a methodological evaluation of this literature. I start from an insight arrived at in my study (Mjøset 2005a, Mjøset 2006abc) of what social scientists mean by the term theory. I argue that high-level notions of theory are not well suited for accumulation of empirical knowledge.

Student revolters and shifting cultural problems

Towards the end of the turbulent 1960s, the new infrastructure of higher education in the social sciences was filled with students who knew all the answers and whose attacks on the small establishment of university teachers were based on an over politicized sociology of knowledge. Whatever the problems with this leftist heroism, these groups reoriented the social sciences towards a new, macro-oriented interdisciplinary: political economy, class analysis, critical theory linked to social movements, social and economic history, etc.

The student revolt faded as the first cohort of revolters entered the labour market, taking up jobs in the public or private service sectors. Some of those who moved into academic positions maintained the political economy focus, but soon adapted the program to disciplinary specializations and diverging methodologies. Through the next decades, the social, political and cultural problems that preoccupied them changed. One could write the social history of those shifts: every generation of young, aspiring intellectuals strives to coin its own interpretations of the present, often with more or less explicit links to secular philosophies of history. Here, I only have space to provide some quick labels (cf. Mjøset 2006a).

In the 1970s, the heroic idea of a revolutionary break with the socio-economic structure of capitalism was replaced by the problem of reform: Could social democracy master capitalism without altering the relations of production? The older social-democratic idea of a “third way” between socialism and capitalism received new support. As the world economy slid into its first real downturn after the Golden Age, Nordic scholars discussed how the egalitarian social democratic management of mixed economies with strong welfare states could smooth out the imperatives of capitalist restructuring. Modern research on the Nordic model was born.

Since the mid-1980s, the changes in monetary integration and the busting of financial bubbles all over the Western world (also in social democratic strongholds as Sweden and Norway) triggered a stronger focus on national and international financial sectors.

In the 1990s, the focus was first influenced by the surge of European unification efforts, then it turned more to the firms and their efforts to sustain high-wage/strong welfare constellations (by innovating, restructuring) in the emerging globalized, service-/knowledge-economy.

While globalization was mainly treated as a Western world phenomenon in the 1990s, the focus in the present has included the emerging new Asian economies (creating new raw materials booms for the Nordic area), as well as the challenges implied by the increasingly global flows of labour.

As the problems shifted, different dimensions of the state/economy-interface attracted attention: incomes policies related to wage negotiations in the 1970s, the destabilizing effects of financial deregulation in the 1980s, corporate governance in the 1990s.

While the political economists also dealt with international structures and processes, and studied other cases, there was still a tendency, perhaps driven by the policy making
community’s demand for practical alternatives, to focus on the success cases. Sweden was a success case of the 1960s (Rehn/Meidner macro-economic model), as was Japan. Following the financial turmoil of the late 1980s, Denmark (early “flexicurity”) played the success case role for some time. In the most recent era of globalization, Finland and Ireland (national innovation systems) count as Western European success cases.

This brief “sociology of political economic knowledge” omits many nuances but it allows us to understand how new generations of scholars were driven by the shifting conceptions of “major challenges” or “dominant problems” (akin to Weber’s notion of cultural problems), and by a focus on certain success cases.

At the same time, scholars were in career tracks that obliged them to relate to the prevailing disciplinary methodologies. These were often out of tune with both the case- and the problem-focus! They were in one way or another committed to high level notions of theory! Because of this, the danger of excess falsificationism loomed large. To the extent that researchers accept high level theory ideals, they are tempted to falsify the “theory” pursued by earlier generations, while ignoring both shifts in cultural problems and paradigmatic success cases. Thus, one could find a 1980s student of financial deregulation criticizing the theoretical approach of a 1970s student of incomes policies, only to be criticized later by a 1990s student of corporate governance.

Any political economist would agree that incomes policies, financial deregulation and corporate governance are dimensions that should all be a part of a broad study of political economy. But ideals of high level theorizing made each new generation confront earlier generations, turning the general theory of their dimension against earlier generations’ general theories, their recent success cases against fading success cases, regardless of the fact that those earlier theories were rooted in the study of other dimensions/periods/cases. While interdisciplinary political economy research certainly has expanded since the 1970s, methodological conventions have barred synthetic works. The returns in terms of accumulated knowledge have been lower than they could have been. Furthermore, while much of this work did relate to historical research, productive interdisciplinary interchange was lacking.

Such a critical assessment – painted in a rather stark contrast in a short note as this one – should not be read as a plea for unfettered eclecticism. There have been works that had not submitted to excessive falsificationism. In order to highlight their underlying principles, let us consider the variety of theory ideals in the social sciences.

**Strategies of generalization and specification**

High level theory denotes general theory, one that is “not sensitive to context” and thus “applicable to societal contexts widely separated over both time and space” (Goldthorpe 2000: 62, for critical comments see Mjøset 2005a: 387-401). But there are three quite different ways to strive for such theory. We shall specify three strategies of generalization that yield three different types of high level theory aspirations. The first one is based on empirical material. The segmenting strategy of generalization relies on large-scale data sets, using statistical inference (as in a regression equation, e.g.) to arrive at theories conceived as relations between variables. Within a statistical margin of error one finds general empirical patterns, but those relate only to narrow segments of society for the time(s) data are collected. Such studies are well known in economics and sociology, and pursued, for instance, in statistical bureaus that assist the state in keeping track of social and macro-economic trends.

The 1960s/70s political economists brought up some novel variables (profit rates, classes, and the like) and even some amount of cross-national focus (e.g. Erik Olin Wright’s comparative project on class structures). But most of these scholars remained “methodological nationalists”. While their studies passed through a phase in which several scholars believed that new sophisticated statistical models could turn correlations into causes, scholars now agree that, at the most, statistical studies represent powerful means of description. But theoretical explanation must uncover the “mechanisms”, i.e. the patterns of micro-behaviour and systems of unintended consequences constituting the behaviour of the “variables.”

This argument is related to the second notion of high level theory. Several scholars of the 1960s/70s political economy wave aligned their theorizing with the updated versions of the neoclassical economics they had earlier opposed. Modern rational choice theory has been general from the outset; its style of reasoning is the thought experiment, general without being empirical, reflecting an insulating strategy of generalization. The argument is phrased in terms of
a model world, which allows exact, impeccable deductions, given the assumptions. The challenge, however, is the relationship between assumptions and the real world, and the string of auxiliary hypotheses needed to bridge between the two. This "protective belt" – the Lakatosian term for such hypotheses – loosens up the relation of deduction: several theories may account equally well for the same data/empirical observations.

While none of these versions of high level theory advocate a reduction of social science to natural science, they do commit social science to styles of reasoning that are well known and widely used also in the natural sciences. But for those social scientists who are sceptical of the convergence with natural science styles, a third kind of high level theory also exists in the social sciences. Its style of reasoning is parallel to that of the humanities.

Many of the 1960s/70s political economists were historically oriented. The academic discipline of history – put very briefly – represents a latent criticism of any high level notion of theory, but this criticism mostly implies a commitment to the exceptionalist strategy of specification. Space does not allow a more detailed discussion (see Mjøset 2006b), except for a brief claim that lately historians have been tempted by either one of the two most recent social science notions of theory: reconstructionist or deconstructionist notions (Mjøset 2006a). These social-scientific arguments are close to the humanities’ style of interpreting texts and other artifacts. But like any others, these notions of theory influence the strategies of generalization pursued by empirical researchers who are inspired by them.

The reconstructionists start with an investigation of the transcendental conditions of (social scientific) knowledge. The 1960s student movement set out to reconstruct Marx. This procedure was later extended to the sociological classics in general, with the aim of recovering a non-positivist theory of action (Mjøset 2006a). From this high theoretical position, empirical trends are approached “from above,” as a study of modernity writ-large. Often, the classics are plundered for their most cultural-critical statements concerning the existential challenges of the modern world. This is the third strategy of generalization that I want to point out: social scientists working with historical material generalize by reference to modernity.

The reconstructionist notion was soon followed by a deconstructionist notion, drawing on other roots of European humanities (linguistics, rhetoric, structuralism), and remaining altogether sceptical of the idea of transcendental foundations (Mjøset 2006c). The only general view here was the view that there is no general knowledge. The main theoretical reference among social scientists was Foucault’s view of knowledge as an expression of the desire to dominate. Regardless of their impact in the humanities, in social science these philosophical ideas have led to a focus on texts, leading on to empirical work such as discourse analysis, conceptual history, and mentality history. But as methods of empirical research discourse analysis and related techniques face the challenge of generalization. Here, deconstructionists and reconstructionists converge on the third strategy of generalization: with reference to a loose periodization (e.g. some qualification – “post” or “late” – modernity), they make existential statements about our present predicament, and/or they decide explanatory contests in favour of cultural factors.

In the interface between history and social science, the philosophical influence of re-/deconstructionist notions has led to a preoccupation with national identity, a sort of social psychology writ large. This fits the academic discipline of history, which in all European states had broken with their past as the organic intellectuals of nation-state building, emphasizing social, cultural, regional and international history more strongly. Deconstructivism allowed a detached and reflected view on national identity. Modernity indicated a shift of attention from national concerns to the concerns of Western culture as such. Furthermore, new interdisciplinary ventures, such as cultural, media and science/technology studies, became as popular among 1990s students as political economy had been among 1970s students. Back then, social science had influenced the humanities, now the major direction of influence goes in the opposite way.

This cultural change led to less interest in political economy, but it also influenced those who still chose to do political economy: use of deconstructionist terms and modernity-based periodization indicates that the two humanities-oriented notions of theory caught the interest of younger scholars. As so often before, debates on social science methodology became a clash between two sets of principles originating outside of social science itself! The old polarization between researchers’ affiliations with natural sciences or the humanities reasserted itself.

High level notions of theory are divisive. They serve to sustain individualist research styles and seduce researchers to engage in overly philosophical debates. This is unfor-
tunate since high level notions of theory are not the only ones in social science.

Controversies ensued among the different versions of high level theory. Debates on action theory emerged between rational choice scholars preferring idealization and the social philosophers with their reconstructionist (transcendental) notion. The segmenting strategy of generalization is an empirical one, but leads to a fragmentation of social science into fields covered in different data-sets. This strategy hardly yields an analysis which is general in terms of covering social development as the outcome of the interplay between processes in various fields or sectors.

Any branch of social science engages in philosophical discussions and many of them are interesting. But I worry about the effects of exclusively high-level debates on empirical research. Scholars who remain at this level will not get the most out of their empirical material. They are often led towards empirical specifications that make it difficult for them to provide real explanations as answers to their research problems. They risk getting trapped in a vicious circle between weak explanations and a focus on (overly) general, existential research questions.

Within the philosophy of the social sciences, we have seen debates and reflections on both variables-oriented and idealizing notions of theory. In both cases, a notion of theory as mechanisms (Hedström/Swedberg 1998) has emerged, one which is not easily related to the high level. Such a notion was already launched by Merton in the late 1940s, but since at that time mainstream notions (canonizing some fusion of the segmenting and insulating strategies of generalization) were completely dominant, Merton defensively presented his notion of middle-range theory as a temporary solution, to be replaced by high level theory when social science matured. Other scholars – primarily in the tradition of Chicago school sociology – launched more offensive notions at the middle range, especially grounded theory (Glaser/Strauss 1967), converging methodologically with European critical notions (Mjøset 2005a). For our purposes, the critical notion is less important (although it is clearly relevant to our discussion about changing cultural problems over the decades), so we shall focus on what we prefer to label explanation-based theory, of which grounded theory is one variety.

The third alternative

The explanation-based and critical notions of theory are the expression of a pragmatist attitude in social science (for the notion of researcher attitudes, see Mjøset 2005a: 380-1). Such a notion refers solely to the activity of doing social science, abandoning any parallels to either natural science or humanities styles of reasoning. This attitude can be found also in classical political economy, but it led a rather marginalized life in early postwar methodological thinking. The diversification of understandings of social research since the 1960s, and particularly the 1960s student revolt, brought it back on the agenda. But as I have tried to argue, high level notions of theory continued to dominate in political economy, and heroic methodologists have been quick to discard the third alternative as descriptive. In contrast, I would like to assert its analytic importance.

I will use as an example a Nordic project in which I myself participated (Mjøset 1986, 1987). This project is about distinguishing five Nordic “models”, specified as regimes of economic policy-making, and analysed with reference to internal and external pressures (dynamic forces) and economic/historical/institutional legacies (i.e. from dominant export sectors to an institutional framework grounded in the Polanyian defence of land, labour, and capital as “factors of production”). In this project we found that the relatively stable constellation of routines in the postwar Golden Age gave way to phases of “fumbling” as new routines were tried out since the 1970s. The project investigated whether these revised routines constituted a new coherent regime.

The study was not committed to any high level notions of theory. There was no variables-oriented statistical inference, just plain descriptive statistics. There was no rational choice modelling, just a quite loose set of mechanisms in connection with economic policy routines and techno-economic linkages. Neither was there much of a social-philosophical perspective: There were no references to modernity, rather to five specific national trajectories, but specified along the same dimensions (e.g. dominant export sectors, nature of class compromise, structure of parliamentary system).

The study relied heavily on historical works, but it did not pursue an exceptionalist strategy of specification. The five models were five “exceptions”, that is varieties of a stylized definition of “the Nordic model”. Thus, the notion of a Nordic model could be left behind. If we “deconstructed”
the “Nordic model”, that was an empirical effort (Mjøset 1992c), there was no trace of deconstructionist linguistics-based concepts. The fact that the five models were analysed along the same dimensions counterbalanced the exceptionalist attitude. The specifications simultaneously allowed contextualized generalizations: for instance we could state how Finland in the mid-1980s was converging towards a development pattern that reminded more (than earlier) on that in the three other large Nordic countries. We pursued problem-related efforts at specification, using different dimensions of cases as analogies vis-à-vis one another. We recognized the value of including Iceland, which added to the variety in many of the dimensions, but also served as an empirical ideal type, given its one-sided dependence on the stochastic supply of one raw material (fish, even more specifically, cod!).

So what notion of theory did we imply? At the time, we were probably agnostic, inspired by evolutionary, institutional economics, and economic sociology. Today I have a better answer: we proceeded according to the principles of grounded theory, a notion of theory mainly specified in the methodology of qualitative micro-studies, based on participant observation. But there was, in fact, no restriction to micro-studies in the original treatise on grounded theory (Glaser/Strauss 1967). Nevertheless, international methodological debates on macro-comparative studies (cf. Mjøset 2006c) began to realize this only in the late 1980s when our research had largely been completed.

Even if we did not refer to it explicitly, we benefited from the main strengths of grounded theory: typologization and periodization (historical types), and also formal grounded theory (mechanisms). We raided the literature for typologies of financial systems, labour relations systems, party systems, and so on. As for mechanisms, a main example is our frequent reference to Hirschman’s study of forward and backwards linkages in the process of economic transformation. I realize today that these are features that set pragmatist, grounded theory apart from other notions of theory. Only from the vantage point of some high level notion of theory our approach in the mid-1980s would seem descriptive and a-theoretical. In other contributions (Mjøset 2005a, 2006abc), I have argued that the pragmatist middle level notion is a distinct social science notion of theory, one which is quite in tune with recent developments in the philosophy of the social sciences (e.g. Hacking 1999, Hands 2001). A crucial point is that such a notion of theory enables us to accumulate knowledge more effectively than do high level notions of theory.

Even if we did not label it so, our early 1980s project developed grounded theory, since we strove to rely on earlier substantive grounded theory of relevance to the patterns we wanted to explain. In this sense, the observations we added on recent economic policy making were “theory-laden”, we put them into a context that had been built with reference to the earlier, pioneering work of e.g. Rokkan, Hirschman, Senghaas, Korpi, Esping-Andersen, the French regulation school, the neo-Schumpeterians who developed the “national systems of innovation”-approach, and the new combination of geopolitics and political economy explored in the emerging literature on state formation.4

In our work on the five Nordic models, we certainly made use of works that reflected the other notions of theory, and relied on historians with exceptionalist inclinations. I now argue that we dealt with all of these according to the following formula: “reground what high level theories have ungrounded, and regeneralize what historical narratives have overgrounded” (Mjøset 2006b: 762). The clever use of typologies, periodization and mechanisms-based explanations were the main tools to achieve both regrounding and regeneralization.5

Such an approach is also the way to avoid the Natur/Geisteswissenschaften dichotomy. When the analysis of specificities also contributes to accumulated knowledge at the middle level (to local research frontiers, cf. Mjøset 2006b), specification and generalization are not mutually exclusive strategies. The more typologies are saturated by means of comparisons, the clearer the close connection between specification of single cases and contextual generalization. Mechanisms come together with context: formal patterns become explanatory only if we are able to specify the context in the light of our research question. Here substantive grounded theory in the form of typologies (patterned variety) is a way to define the specific context of each case, and at the same time to contribute to limited generalization, that is, generalization which does not isolate mechanisms from the contexts in which they are embedded.6

The original political economy impulse pointed in the direction of varieties of capitalism

Already in the first attention to the Nordic models by non-Nordic scholars, there was an anticipation of varieties of
capitalism. Our five Nordic models went some way towards an account of Nordic varieties of capitalism. But the book that launched this research program (Hall/Soskice 2001) illustrates some of the problems with high level theory: it gives us only two varieties (liberal versus coordinated market economics, i.e. CME/LME dualism), deducing these in a way which is committed to the idealizing notion of theory, and the various chapters of the book too often engage in excess falsification.

In contrast to such an approach, our claim is that accumulation of knowledge on varieties of capitalism can best be achieved by pursuing a program of grounded theory. Rather than game-theoretical dualisms, one would map varieties of capitalism in Rokkan-style typological maps (Rokkan 1999, Mjøset 2000). This would be a regrounding of what the Hall/Soskice volume tells us about U.S. and German capitalisms, placed into a larger matrix that would systematically recover the rich case material from the growing literature on political economy. Such a regrounding would bring out the full potential of the notion of institutional complementarities, potential that are restrained by the CME/LME dualism.

These complementarities can be traced as recurrent combinations of specific types along the various dimensions already studied by many political economists: financial systems, monetary arrangements, trade-patterns and institutions, welfare states, party-systems, labour relations, labour market institutions, natural resources/sectoral patterns, economic policy making, corporate governance-patterns, etc. Developing typologies based on a large matrix – which can only be produced by collective research efforts – would represent a contribution to general substantive theory (Mjøset 2006b). Such theory is general in the sense that it provides context for more specialized studies on these various dimensions of contemporary capitalist societies. Comparative typologies should be developed towards saturation in as many dimensions as possible.

Such a specification would lean on the best historical monographs but avoid “over-grounding” in historical context. Such typological maps would counteract the exclusive focus on success cases only. These maps should also be related to historical periodization, both with reference to global patterns and to relevant regional/local developments.

The conclusion is that research done with reference to high level notions of theory (be they either rational choice or social-philosophical) have proven quite weak in terms of accumulating knowledge on which we can build with future research. Works that rely (consciously or without much reflection on theory and method) on lower level notions of theory (e.g. explanation-based approaches such as grounded theory) have more successfully contributed to the local research frontiers relevant to the study of capitalism’s varieties. Further work on the Nordic countries should take this into consideration and work towards a systematic typological and comparative approach to the variety of Nordic capitalisms, as part of a broader study of the varieties of present day capitalism.

Lars Mjøset is Professor of Sociology at the University of Oslo, Norway, and director of the Oslo Summer School of Comparative Social Science Studies at the Social Science Faculty, University of Oslo. His main areas of research are comparative political economy and historical sociology. His work on small, Western European countries was summarized in The Irish Economy in a Comparative Institutional Perspective (Dublin: NESC, 1992). Recently, he has also written and lectured on the philosophy of the social sciences. He is presently finishing a book manuscript on these matters, hopefully to be published in 2007.

Endnotes

1 This paper is based on my notes for an intervention at a workshop on the “Nordic model” at the University of Birmingham in the summer of 2004. I am thankful to Mikko Kuismala and J. Magnus Ryner, organizers of the workshop, for having me write it out. Given that I was addressing a workshop of political economists, I have not been explicit about the relationship between political economy and economic sociology. As for my own work, I have never really distinguished the two (nor have I distinguished them from comparative historical sociology to any large extent), but this is probably because my work has always been at the macro level of nation states and international structures. Limitations of space prevent me from discussing how the kind of macro-studies reported here can be related to more micro-oriented economic sociology, save for the general remark that the way Harrison White’s analysis of markets (1992, 2002) has been incorporated into this field of research (e.g. Aspers 2005) seems quite compatible with the pragmatist methodology briefly sketched in the last part of this paper.

2 C. W. Mills’ (1959) criticism of Parsons’ grand theory can be updated as a criticism of reconstructionist social philosophy, and
his criticism of abstract empiricism must be seen as one of the early attacks on the segmenting strategy of generalization. But we must go further than Mills. We have seen that the influence of high level ideals can also be traced among rational choice theorists, among social philosophers studying modernity, and even among deconstructionists. In the two latter cases, both individualism of the researchers and the philosophizing inclination is sustained via the influence of methodological understandings typical of the humanities.

3 The European roots are in the Marxist tradition and in the many social-movements-related standpoint-theories in its wake. Other European roots are in the German historical school as interpreted by Max Weber. The U.S. roots are in pragmatist philosophy and many traditions it inspired (institutional economics, social-psychological approaches to learning, Chicago-school case-oriented sociology, ethnography, etc.).

4 In order to economize on references, I here point to a number of my own papers (the reader should note that in these articles, one can find further references to the relevant literature): Mjøset 1992a (national systems of innovation approach), Mjøset 1992b (Senghaas/Hirschman-approach), Mjøset 1995 (regulation school), Mjøset 2000 (Rokkan-tradition), Mjøset 2001 (Korpi/Esping-Andersen typology of welfare states), Mjøset 2003 (comparative analysis of state formation). – In our search for shoulders to stand on, there was no priority to the student revolt generation. In fact, looking back at social research on Norden, we find the third alternative not only in the early postwar period, but even further back. To the extent these researchers betray political colour, they differ widely. What unites them is a particular style of reasoning, a specific approach to the combination of the specific and the general. While Rokkan (see Mjøset 2000) is clearly the most important postwar pioneer, others have been rediscovered after the 1986 project was completed. As for institutional economics, Johan Åkerman’s work from the 1930s to the 1950s is very important, both for its very sophisticated methodological reflection and for its analysis of the British, French, German and U.S. varieties of capitalism (see Mjøset 1994, 1997). Furthermore, the retired Norwegian diplomat, Einar Maseng, in the 1960s wrote a masterful account of the transformations of the Nordic state system over five hundred years, see Mjøset 2003. Maseng’s reference points were Nordic self-reliance during World War 1, the interwar work to consolidate the “Norden association”, and the policy of “armed neutrality” which required that Norden was seen as a unity in both military and economic terms, cf. Mjøset 2005b.

5 For instance, regrounding might involve ignoring high theory generalities (e.g. extensive game theoretic considerations), but utilizing a range of concrete similarities and differences brought out through an investigation such as that of Milner’s (1994). Alternatively, regrounding might also imply explicit disregard of results in terms of “explained variation” of statistical exercises (a “net effects” approach to causal analysis) – sometimes employed in the Korpi/Esping-Andersen line of research on welfare states – but relating (by low-tech methods) to the descriptive statistics available in the various relevant data-sources, as suggested by Shalev (2006).

6 For a much more detailed exploration of such a methodology of comparative macro-studies – using an example from political sociology – see Mjøset 2006b.

7 A follow up to the 1986-project (Mjøset 1992a) added three new case countries (Ireland, Switzerland, Austria) to the five Nordic ones.

8 The programme of grounded theory is often criticized by the “critical realist” school within the philosophy of the social sciences, which insists on the reality of generative structures such as Marx’ “driving forces” of capitalism. This debate cannot be pursued here (but cf. the remarks on Burawoy in Mjøset 2005a). The claim that grounded theory is incompatible with a study of driving forces must be doubted. But it is plain that a grounded theory approach requires a more accurate contextualization than what has been common in earlier political economy. It would, for instance, be hard to talk about driving forces in Norwegian capitalism without specifying the role of the oil sector and the specific kind of welfare state. Furthermore, the driving forces one postulates will be partly dependent on the kind of research question asked. We can trace driving forces with reference to a model of national capitalism, and this does not exclude consideration of driving forces beyond the nation state. But these cannot be stated a priori: meticulous comparison of phases of world economic development, specificities of hegemonic states, great powers and regional state systems is necessary – also in these fields we must discover grounded theory.

References


Mjøset, Lars, 1992a: The Irish Economy in a Comparative Institutional Perspective. Dublin, NESC.


For over fifteen years countries in Central and Eastern Europe (CEE) have been intensively exposed to interaction with Western Europe. In this period, ties between the two regions have been strengthened in many aspects of economic and political life. Still, important stylized differences remain between West and East, for instance in the functioning of labour markets, extent of state regulation of the economy, industrial relations systems, and various micro-level institutions in work practices, motivation, and norms of economic behaviour (Kahancová 2007; Martin/Cristescu-Martin 2004; Kohl/Platzer 2004; Thelen 2001; Sagie/Koslowsky 2000; Meardi 2002).

Whether CEE is heading to a Western European institutional setup, and which forces drive such convergence, is closely related to ongoing debates in the varieties of capitalism literature (Bandelj 2003; Blyth 2003; Hall/Soskice 2001; Hollingsworth/Boyer 1997; Boyer 1996; Berger/Dore 1996). Next to European Union integration driven by macro-political processes, Western foreign direct investments (FDI) in CEE and multinational companies’ (MNCs) subsidiaries in both West and East are one of the most important vehicles of economic interaction and, hence, possible institutional convergence at the micro level (Marginson/Meardi 2006; Gradev 2001; Bluhm 2000). With their actions, MNCs can significantly contribute to the diffusion of similar practices across both regions. Alternatively, MNCs can reinforce or further generate variation in work practices and industrial relations systems between Western and Eastern Europe. Uncovering actions of MNCs is therefore crucial for our understanding of the complexity of East-West differences and prospects for institutional convergence.

Building on an empirical study of MNCs’ work practices and their determinants, this article documents a particular way in which a selected MNC copes with diverse labour markets and industrial relations in its Western and Eastern European locations, and how it benefits from the ability to develop different work practices in different conditions. Studied work practices are an outcome of the MNC’s action and include employment flexibility issues (working time organization, changes in worker headcount and presence of temporary workers), motivation, worker empowerment, and social provisions that the company grants to workers. The explanation for why work practices continue to differ between the Western and East European subsidiaries of the MNC lies not merely in the economic and legal influences, such as labour cost competition, drive towards efficiency and profits, and differing labour laws, worker rights and trade union positions. Instead, company values and beliefs, and other processes that are non-economic and non-legal in their nature significantly influence the company’s economic action and resulting work practices (Pfeffer 2005). Among these influences, the article focuses on social interaction between the MNC and workers and trade unions in its subsidiaries in Western and Eastern Europe. Social interaction relates not only to formal structures and negotiation between the MNC and others, but also to informal relations, communication, and trust between managers, workers and union representatives that may affect choices otherwise be regarded as “rational” (Fox 1974; Smelser/Swedberg 2005). Social interaction is then a situation where the behaviour of the MNC is consciously reorganized by, and influences the behaviour of, workers and unions (Turner 1988: 13-14).

Acknowledging that the management-workforce relationship is important for both the workers and the employer, the MNC balances its needs of competitiveness and efficiency with social and psychological needs of workers. As institutions and social norms differ between Western and Eastern Europe, the company reinforces differences in work practices through reflecting, or even adapting to, different interests of people in both regions. Therefore, social interaction between the MNC and local workers and trade unions is central in explaining variation in work practices.
The studied MNC and variation in local conditions

Evidence on the influence of social interaction on work practices has been collected in two Western factories (Belgium and France) and two factories in CEE (Poland and Hungary) of an important Dutch manufacturing MNC. I analyzed company documents and conducted 114 detailed face-to-face interviews with human resource managers and production managers in the factories, as well as interviews with local union representatives and managers and union leaders at the company’s headquarters.

The similarity of factories because they are all part of one MNC and produce similar products, on the one hand, and the differing host-country laws, industrial relations systems and common employment practices, on the other hand, allow us to control for corporate influences, and at the same time explore management behaviour and social interaction with local workers and trade unions in various conditions (Kahancová 2007). The Belgian factory (hereafter BEF) is located in a highly industrialized region with many employment opportunities; the French factory (FRF) benefits from the region’s relatively high unemployment and availability of temporary agency workers. The Polish factory’s (PLF) conditions are characterized by very high levels of unemployment (concerning mainly unskilled workers) despite the presence of several MNCs and thus job opportunities. The Hungarian factory (HUF) faces a tight labor market, which forces the factory to develop innovative ways to secure enough workers.

Next to differences in local unemployment conditions important variation between the Western and Eastern subsidiaries also exists with regards to the position of trade unions, established work patterns and effective motivation practices (Kohl/Platzer 2004; Michailova 2003; Danis 2003; Meardi 2002; Sagie/Koslowsky 2000; Whitley, et al. 1997). In stylized terms, these differences reflect broader institutional differences in the Western and East European societies. In Belgium and France workers expect long-term employment with a fixed working time and good working conditions. A collective spirit that exists among Western workers is not as evident in CEE; workplace competition and the use of performance-related pay is therefore greater in Poland and Hungary than in Belgium and France. In CEE, probably due to economic hardship and unemployment, people value their jobs and are willing to accept lower pay and worse employment conditions than workers in the Western workplaces. Trade unions in Western Europe are well established and considerably stronger in Belgium and France than in Poland and Hungary. Legal regulation of union rights is more extensive and membership is higher in Western Europe than in CEE.

In these different conditions, the studied MNC remained responsive to local working habits and trade union roles. Instead of diffusing economically motivated and universally applicable work practices the company continues to tailor work practices to local conditions. This is an outcome of a long-term corporate value of decentralized human resource management and local responsiveness (Bartlett/Ghoshal 2002). The MNC’s managers also confirm this finding:

“In our experience, national management initiative is the best way of ensuring the flexibility and adaptability necessary in widely varying circumstances” (Dronkers 1975: 166).

Social interaction, including both structured meetings and informal daily communication between management and factory workers and trade unions, is the most important channel through which the company familiarizes itself with local conditions and eventually involves local actors in its decisions about work practices. Before discussing social interaction in the factories, the next section summarizes observed differences in the studied factories’ work practices.

Comparing work practices

Most important differences in work practices apply to employment flexibility, workers’ fringe benefits, social welfare, motivation, performance pay, and workplace industrial relations. All factories face extensive production seasonality but reveal great differences in their responses to the seasonal workload, in terms of the balance between permanent and temporary contracts or use of temporary agency workers. In BEF and FRF, weekly high-season working time exceeds the legally stipulated workweek and extra hours are compensated with more holidays. This means that these West European subsidiaries find flexible solutions outside of the legal regulations to handle seasonality.

Differences also exist in fringe benefits and social welfare of production workers. Against other evidence from CEE (Bohle/Greskovits 2003; Meardi 2002), benefits and social services in terms of costs and managerial creativity are
more extensive in CEE factories than in Western factories. This is due to the maturity of Western factories and strong unions that account for stability in wages, work conditions, and, to a certain extent, also job security. By contrast, working conditions in CEE factories are more difficult and paid less than in the West, and it is in line with the MNC’s values to compensate tough working conditions with benefits for workers’ personal wellbeing. Social services are thus developed and tailored to local people’s needs, and this fact stimulates good working conditions, open communication and informal relations. The company maintains such action even if alternative possibilities exist from a rational perspective. To illustrate, management in PLF does not hire temporary workers based on their performance, but also according to family status and children. It’s not that these workers have higher productivity, but the company wishes to improve their personal situation and income.

Finally, differences exist in the factories’ industrial relations; and these do not mirror industrial relations traditions in Western and Eastern Europe. Instead, a distinction applies to factories with cooperative industrial relations, and those with a conflict-based management-union interaction. On the one hand, in BEF and PLF industrial relations are interactive and mostly cooperative with agreed tradeoffs. On the other hand, ideological differences between unions and the MNC facilitate conflicts and complicate industrial relations in FRF and HUF. Interaction is less cooperative, includes threats and militant actions, and is limited to formal meetings and rare informal agreements. Such differences are reflected in union involvement in the development of work practices.

**How social interaction matters**

Possible differences that exist in various forms of interaction between factory managements and workers, and factory managements and trade unions, are very important for the factories’ success. The success is brought by workers’ productivity, for which suitable work practices, such as fair working time organization and rewards, workers’ feedback to managers, and fringe benefits are essential. In management-worker social interaction, a low communication barrier and trust between managers and workers are most important for worker satisfaction with their work practices. In line with the MNC’s organizational culture and administrative heritage, informal social interaction between managers and workers in all four subsidiaries is highly encouraged and takes different forms in different conditions. In BEF the managers know all permanent workers by their first names and are well informed about workers’ needs and concerns. On the other end of the spectrum of interactions is HUF where due to the large workforce size personal contacts are not as extensive and managers communicate mostly with teams of workers. Another important aspect of informal interaction between managers and workers is the company’s attention to local hierarchies. FRF maintains the hierarchy between the worker and his/her boss, which is common in the French work systems (Brunstein 1995). Communication is more formal, whereas extensive informality within the existing hierarchy exists in BEF where workers call their managers by first names. Similar informality in management-worker interaction exists in HUF, which is according to my observations in line with common practice in Hungary. Conforming to general Polish work practices observed during fieldwork, PLF respects a hierarchy, but in line with Polish conventions people generally call themselves by first names and communicate informally after they had informally agreed to do so.

These examples illustrate the MNC’s adaptation to local norms, which improves management-worker interaction and thus enables the development of optimal work practices. In sum, evidence suggests that social interaction between managers and workers in MNC factories does shape work practices, mainly workers’ willingness to accept flexible working hours and organization, performance pay and to provide feedback for managerial decisions and accounts for a better match between the MNC’s goals and workers’ needs in particular local conditions. Internal surveys in the factories, as well as trade unions’ opinions show that the MNC’s adaptation to local conditions instead of imposing “foreign” practices is appreciated.

Besides management-worker interaction, management-union interaction is central for work practices, because all concerned actors assign high priority to the management of work practices. The analysis reveals that given the MNC’s organizational heritage, managers in all factories are interested in cooperation with local unions, whether or not there are economic advantages or a legal requirement to do so (Kahancová 2007). This means that the company seeks social interaction with local actors without knowing the benefits of such interaction in advance. This is the MNC’s preferred strategy in seeking accommodation to local conditions; in particular, when designing optimal work practices relative to opportunities and constraints in Western and Eastern Europe. Whether interaction with workers and unions will facilitate this aim is not known in
Does the extent and type of social interaction between the company and local unions reflect differences in legal regimes in Western and Eastern Europe? If the degree of legally stipulated coordination between employers and employee representatives were central in determining social interaction with unions and union involvement in work practices, one would observe a regional pattern of interaction: there would be more extensive social interaction with unions in Western Europe than in CEE because legal prescriptions are stronger. However, evidence does not reveal such a divide and examples of each pattern can be found in both Western Europe and CEE. Differences in management-union interaction mirror the contrast between factories with cooperative industrial relations and a high level of trust (BEF and PLF), and those with conflict-based industrial relations and low trust (FRF and HUF). Unions are extensively involved in designing work practices in the former factories. In the latter factories, the MNC develops locally optimal work practices unilaterally, or with union involvement not exceeding legal requirements.

As for economic reasons to involve local unions in work practices, evidence shows that management-union interaction is not limited to formal bargaining based on strategic calculations. Instead, workplace industrial relations obtain their typical spirit from the existence of informal social interaction, such as daily corridor talks and e-mails that rarely relate directly to particular economic benefits and utility maximization of the company. In factories with cooperative industrial relations managers involve unions in designing work practices even without a clear prior indication of economically superior outcomes. Managers could have taken the same decisions unilaterally. However, whereas cooperative management-union interaction enhances union involvement, it does not mean that conflict-based industrial relations hinder the company’s pursuit of desired variation in work practices. The consequence of union antagonism has been their exclusion from decisions that are reached jointly in factories with more cooperative industrial relations. In factories with limited union involvement, managers’ interaction with workers (i.e. communication, hierarchies, feedback possibilities) still matters for work practices. This finding supports the main argument that variation in work practices across the factories and regions is best explained by the company’s social interaction with local workers and unions, influenced by corporate and local values.

Conclusions and theoretical relevance

This article highlights the active role of social interaction and company values in maintaining, or further enhancing, the existing variation in work practices in Western and Central Eastern Europe, contradicting the thesis of cross-national convergence or variation based merely on local institutional conditions. It shows that a Dutch MNC is responsive to local institutions, the conditions of its social embeddedness, and the engagement of local actors in the MNC’s decision-making. Differing labour markets and laws in the host countries cannot fully explain the observed variation in work practices. Instead, it is the company’s values and social interaction with local actors (workers and trade unions) that explains variation. This is a concrete way for the company to benefit from different local institutions in Western and Eastern Europe and an alternative to unilateral managerial decisions concerning work practices.

Two ways in which social interaction matters for work practices are distinguished. First, interaction of company’s managers with workers and trade unions in different countries enables the company’s adaptation to local conditions by learning people’s work habits and interests. Company values assure that decisions about work practices reflect people’s needs and local social norms. Social interaction thus facilitates a kind of company behaviour that reinforces broader societal and institutional differences between Western and Eastern Europe. However, evidence shows that differences in work practices do not persist only because MNCs adapt to local conditions and differing legal regulations. A closer look at Western and Eastern workplaces reveals new divergences that do not replicate the stylized East-West differences. Instead, differences in work practices and the way they are created are an outcome of workplace social interaction and actors’ voluntary commitment thereto, regardless of factory location in Western or Eastern Europe. This is the second way in which social interaction influences work practices and their non-convergence between the two regions. In factories with cooperative social interaction and extensive trust management opts for union and worker involvement even without legal obligations or economic motivation to do so, and thus local actors are more involved and able to shape work practices. In contrast, in factories with hostile relations and limited informal interaction the company has developed its
locally optimal work practices without extensive worker and union involvement.

What is the theoretical relevance of this finding for economic sociology? The study combines the influence of institutional factors on company economic action with the influence of social interaction and values on existing differences in work practices in different conditions. In paying attention to the purposeful action of actors and the enabling, constraining, and shaping effects of given (but variable) institutional structures and institutionalized norms, this approach to company's economic action fits the concept of actor-centred institutionalism (Scharpf 1997) and aligns with the research in the varieties of capitalism tradition (Hall/Soskice 2001). However, it goes beyond the normative influence of institutions on actors' rational economic behaviour (Streeck 1997) and emphasizes actors' voluntary commitment to informal norms that arise in their social interaction. Social interaction is understood as a mechanism to cope with uncertainty in the environment surrounding the actors (Beckert 1996). At the same time, social interaction facilitates the institutionalization of different work practices and consequently institutional divergences between different environments.

In sum, the study dialogues with three theoretical insights. First, the institutionalist literature highlights diversity between countries that is based on persistent variation in their institutional environments (Hollingsworth/Boyer 1998; Berger/Dore 1996). This article shows that not only the institutional diversity, but also actors' values, social interaction and interest in benefiting from various local conditions play a central role in explaining differences in institutions and social norms. Second, the article addresses theories of organization and company behaviour by highlighting the complexity of actors' goals. The MNC studied does not resemble a homogenous and rational economic actor with internally determined processes of decision-making but an actor with a multiplicity of interests (Pfeffer 2005; Pfeffer/Salancik 1978). The interest of the company should therefore not be limited to a single economic interest of profit-making, because the influence of values and social interaction reveals economic action that is not always as fully rational as assumed in rational choice theories of company behaviour (Grandori 1987). Through social interaction, the rationality of the MNC is not undermined, but contextualized and enriched. This means that MNCs actively contribute to maintaining, or further generating variation in micro-level institutions, instead of attempting to overcome local differences by disseminating rational best practices across a variety of host-country conditions. Finally, uncovering how social interaction happens at different workplaces and how it matters for variation in work practices helps to further conceptualize and theorize some central concepts in economic sociology, such as the conditions of social embeddedness of economic action of individual and corporate actors (Granovetter 2005; Beckert 2003; Granovetter 1992).

Marta Kahancová is writing her PhD. dissertation at the Amsterdam School for Social Science Research, University of Amsterdam. In 2006 she is a visiting PhD. student at the Max Planck Institute for the Study of Societies in Cologne. Her PhD. dissertation, with a preliminary title Western Multinationals and the European Diversity: Shaping the Convergence of Employment Practices, explains why there are striking differences in employment practices across several subsidiaries of a single multinational firm in Western and Eastern Europe. The dissertation shall be completed in 2007.

References


Marginson, Paul/Guglielmo Meardi, 2006: EU Enlargement and the FDI Channel of Industrial Relations Transfer. In: Industrial Relations Journal 37, 92-110.


Meardi, Guglielmo, 2002: The Trojan Horse for the Americanization of Europe? Polish Industrial Relations Towards the EU. In: European Journal of Industrial Relations 8, 77-99.


Global garment markets in chains

Patrik Aspers
Max Planck Institute for the Study of Societies
aspers@mpifg.de

In this short text I report some findings from a project on the global fashion industry, which I see as a chain of markets. The purpose of the project is to understand the emergence and persistence of order in markets. More specifically, I start with the economically most important consumer market of this industry, in which Branded Garment Retailers (BGRs) such as Topshop, Zara and H&M operate. A central idea is to study connected markets, starting with the final consumer market. I see the question of order as profound because order is a condition for one of the most central concepts in economics, namely equilibrium, which usually refers to prices in a market with given and identical products (cf. Kirzner 1973).

The empirical entry point is the Branded Garment Retailers. The identities of BGRs that consumers perceive are made up of a number of different evaluations. These I call configurations, a concept that is inspired by Harrison White’s notion of social molecules and Pierre Bourdieu’s notion of field. A focus on configurations means, for example, to study how order in one economic configuration (a market) depends on other economic and non-economic configurations. Consumers evaluate the identities of BGRs not only in terms of the quality of the products, but also, for instance, according to how ethical their production chain is, how their stores are designed, and to the extent their clothes are included in the editorial fashion stories of fashion magazines. The overall point is to see how these different evaluations are related and how they together help to construct the market identities of the BGRs.

The space available here only allows me to give you a glimpse of the project, that which concentrates on the relation between the production market, in which the BGRs face manufactures of garments, on one side, and the final consumer market for fashion, in which they face people like you and me, the final consumers, on the other side. Other aspects of this ongoing research have been reported elsewhere (Aspers 2005b, 2006a, 2006b).

I will start by discussing the research strategy, and then give a short background of the industry development, followed by an overview of its current situation. After this I focus on the specific research question about the order in garment markets.

Research design for understanding-based explanations

The project aims at generating explanations based on understanding (Aspers 2004, 2005a). To do this in a profound way, when the empirical field contains millions of people in a global industry across the world, is not possible. Therefore, the research strategy of this qualitative study was to examine conditions in several countries: Sweden and the UK, as examples of two consumer countries, and India and Turkey, as examples of two production countries. The aim was never to have what Clifford Geertz (1973) calls a “thick description” of this industry, but to understand it enough to develop theory that can account for the entire industry. The research design was thus more like the global ethnography that Karin Knorr Cetina (e.g., Knorr-Cetina and Bruegger 2002) has done than the kind of comparative analysis that Weber did.

My strategy was to study the industry in different countries to realize what is common. The fact that there are differences among the selected countries makes the commonalities among them more apparent. This also makes it easier for the researcher to identify the theoretical questions at the level of firms and markets, not countries or forms of capitalisms. This approach, which does not start with a set of narrow and bold hypotheses, to satisfy the today rejected logic of falsification proposed by Karl Popper, enables the researcher to remain somewhat open to defining the problem and the approach at least in the early stages of the research. This is quite important in cases where research is done in a relatively unknown field.

There is an additional point regarding the approach that I would like to stress. The most common approach for studying global industries is to follow the material flow (e.g. Gereffi 1999), which means that the researcher uses the production process as a baseline. In contrast to this research, I use a phenomenological approach, which
stresses the role of meaning. Consequently, the starting point in my research is the final consumer market and the meaning of fashion produced in this market. A further difference is that I do not focus on the production chain, but on the markets that, so to speak, cut up the chain and provide opportunities of redirecting flows. This means that I view this industry as a chain of markets. I will now turn to the global garment industry.

Production and consumption have become separated over time

In history, production and consumption begin to separate upon the emergence of a market, extending separations of activities beyond those of the household. Another important transition in the development of garments markets occurs when garments start to be put together by workers in their own houses (Abernathy et al. 1995:181) on behalf of a central buyer. The next analytical transition was when manufactures concentrated production, including labour, in factories, so called work-shops (cf. Weber [1923] 1981:162-177). These steps represent gradual separation of production from consumption. Later on, especially in the 1970s, the separation took global proportions, with production centred in developing countries and consumption in developed countries. Though the processes of change have been slightly different among developed nations, it is clear that the change that one can observe in this industry is essentially cost driven since the industry is labour intensive and difficult to rationalize.

The movement of garments manufacturing to the developing world has been accelerated by the deregulation of international trade, for example the World Trade Agreement on Textile and Clothing from 1995 (Taplin and Winterton 2004), and, of course, due to the more recent and largely completed abolishment of trade tariffs that are in existence in this sector since January 2005. One concrete result of these developments are lower prices in stores.

The contemporary garment industry is consumer centred

What does the contemporary final consumer market for fashion garments look like? There are several kinds of garment sellers, from haute couture to mail order firms, all of which cater to different consumers. It is reasonable to treat these as different markets, since there is, for example, no competitive relation between the dress that costs 10,000, made by a designer in Paris, and the dress that costs 35 and that can be purchased through a catalogue or on the internet. Both, however, aim to be fashion garments. The number of BGRs is relatively small in a market like the British or the Swedish, perhaps 10-20, but some retailers are very big and together they control the largest part of the market; the number of consumers can be counted in millions.

Consumers respond to the fashion-price mix that the different garment sellers offer. Though both consumers and firms can be seen as actors with reflexive capacity (Warde 1994:882), actors cannot create their identities out of nothing, and without resistance. Instead they depend and are constrained by other actors.

Fashion design and marketing are central tasks of BGRs, and their identities are formed in relation to what they do in the final consumer market. It is clear that what happens in this market have repercussions upstream the chain of markets that tie this industry together.

Studying order in markets

How to analyze these markets? I will take as the theoretical starting point Harrison White’s market model (1981, 2002). This model of the market proposes that firms differentiate their products. This idea was mentioned by Marshall, discussed by Chamberlin, and made central in the works of Austrian economics (Kirzner 1973). Product differentiation and the corresponding orientation to other producers that characterize this theory are fundamental differences compared to the Walras-based model of general price equilibrium of markets that has been the dominating view among orthodox economists.

I complement White’s model with the idea of status (Podolny 1993, 2005a; Aspers 2005b), which means that actors are no longer distributed and ordered along quality niches, but are differentiated according to status. I also add the idea of a differentiated consumer side to the Whitean production-based model. Retailers’ status is gained in Kampf (struggle) with other retailers, but it is not only an internal struggle between actors on this side of the market observing each other. The identities and the corresponding status of the retailers are co-constructed by actors on the other side. This is to say that also the consum-
Global garment markets in chains

ers, whom I conceptualize as an array of ideal-type consumers, are important.

The problem of order in social science can, at least, be traced back to Hobbes, though it was Parsons who made it an explicit and central issue in sociology (e.g., Parsons [1937] 1968; Spence Smith 1992; Wrong 1994; Beckert 1996: 824-827; cf. Eisenstadt 1968, 15:23-36). I define order as the predictability of human activities, their environment and the stability of identities in relation to each other.

I have identified two kinds of order in markets, standard and status, and my argument is that the final consumer market is ordered according to the principle of status, and the production market according to the principle of standard (Aspers 2005b). A market can be defined as a social structure for exchange of rights, which enables people, firms and products to be evaluated and priced. This means that at least three actors are needed for a market to exist; at least one actor, on the one side of the market, who is aware of at least two actors on the other side whose offers can be evaluated in relation to each other (cf. Aspers 2005c: 427).

Status

In order to understand order in the consumer market, in which the BGRs face the final consumers, we must bring in the theoretical notion of status. I argue that if a piece of garment is sold by a high-fashion status firm and is worn by consumers identified as influential and trendsetting by consumers, it is much more likely to become a fashion than if consumers with low status (e.g., the elderly) buy the same clothes.

Things such as fashion pictures, store design, display of garments, and the plastic shop bags carried by different kinds of people are also important in the construction of fashion. The efforts of brands and retailers to promote certain styles are reflected in the location of stores, the way the clothes are hung within them, the light, the music and the style of the salespersons. All of this is strengthened by advertising and editorial fashion stories in magazines (McCracken 1988:79).

This means that the fashion garment gets its identity in relation to observable patterns of interaction between a brand name and its wearers. Through interactions such as these, actors, retailers and consumers also manifest themselves and reconstitute their own identities as well as the identities of the garments they wear. Following this thesis, the value of products, as seen from the consumers’ perspective, comes more from their social ties, position and status in the respective status order, and less from the types of fabrics used (cf. Podolny 1993:833; Marshall 1920:56-57, 799-803). Thus, the market is ordered by the rank orders of BGRs and the ideal-type consumers that come together and construct the item traded.

Standard

It is the task of the BGRs to design and market their products, but they have suppliers to produce the garments. What generates order in this market where the BGRs face manufactures in developing countries? I claim that both buyers (BGRs) and sellers (manufactures) orient to a standard that is made up of price-quality-deliverance. This means that producers in this standard market do not compete in the same manner as do the retailers in a status market, i.e. by price-aesthetic differentiation, but by having a better price-quality-deliverance combination. Although the role of design is included in the equation, it matters less than the more standardized aspects for establishing, maintaining and evaluating a relation. Failure to meet these requirements may result in the termination of the relationship by the stronger part of the relationship, which in this industry normally is the buyer.

Differentiation is an important aspect in a status market and it is a condition for carving out a market niche. In standard markets, actors try to outperform their rivals by scoring higher on the standard measurement (i.e., producing the right quality and delivering on time). One may in fact say that the manufacturers in standard markets are rather similar when it comes to self-presentation, work organization, and pricing.

What about the commodity in this type of market? While one would assume this to be a market for fashion products, it is not the case. The contract between purchaser and manufacturer is not primarily about the physical products; instead, it is more correct to view it as a standardized service contract. This is because decisions about what to produce, how it should look and so on are made by the purchaser, while the contract deals with the production facility, delivery and related issues; aspects that constitute the standard. Thus, the purchasers are concerned with the
production facility, including the skills of the workers, and they may book the factory capacity before they know exactly what they want to produce. Everyone in the business knows the standard, and the identity of the manufacturer stems from how well they perform against it. The order in this market is thus created by the demands of the contract.

In sum, the consumption and production markets for garments are ordered according to different principles, status and standard, respectively.

Conclusion

Order in markets can be constructed in different ways. I argued above that order in the final consumer market is differently constructed than in the production market where the BGRs face manufactures. A further finding is that though it is obviously the same material thing that is traded in the two markets, the meanings are different, and this is a central part of the argument that there are two kinds of orders in these markets. Here I have only indicated how two different markets are connected, but the larger project emphasizes how many different markets and non-markets in which firms’ identities are formed can be analyzed together. On a methodological note, I have also tried to argue that in order to understand how order is maintained it is helpful to conduct qualitative research. Moreover, for the particular kind of global industry studied, it was also important to conduct cross-national research where the comparison focused on commonalities rather than differences.

Patrik Aspers studied sociology at Stockholm, Harvard and Columbia University. Currently, he is Associate Professor at Stockholm University and Research Fellow at the Max-Planck Institute for the Study of Societies in Cologne. He is the author of Markets in Fashion, A Phenomenological Approach (Routledge 2005). He has served as chair of the economic sociology research network of the European Sociological Association. His research interests in economic sociology concern markets, fashion and phenomenology. He is currently writing a book, Order in the Fashion Industry: A Sociology of Configurations.

References


Volume 8, Number 1 (November 2006)
Global garment markets in chains


Creating markets, leaving legacies: The origins and operations of stock exchanges in Fiji, Ghana, and Iceland

Erik Larson
Macalester College
larsone@macalester.edu

During the last two decades of the twentieth century, the number of countries with stock exchanges essentially doubled. While some of these new exchanges were founded in large countries in transition from state socialism, many of these exchanges were set up in more peripheral locations in the world economy. This empirical fact seemed to challenge accounts of globalization positing the development of a single world market and pose questions about how to understand the emergence of these new exchanges. Additionally, the development of these new stock exchanges provided the opportunity to examine processes of market formation and operation in comparative perspective.

To provide evidence relevant to the questions about the diffusion of stock markets and the nature of these markets’ operations, I undertook a comparative study of three of these newer, somewhat peripheral exchanges. I used four criteria to select exchanges for study. First, I screened for exchanges that were established at a similar time during the 1980s or 1990s. Second, since regional processes may influence developments and since my theoretical questions also concerned global processes, I decided to include exchanges from diverse geographic regions. Third, I selected exchanges for diversity in International Finance Corporation classification. Since these classifications may represent differences in countries’ relations to the global economy, selecting for classification diversity followed a logic analogous to geographic diversity. Finally, as much as practical given the other criteria, I looked for exchanges that were relatively comparable in size. With these criteria and information from the International Finance Corporation about stock exchanges throughout the world, I selected the exchanges in Fiji, Ghana, and Iceland for my research.

I completed intensive field research in each of the three countries. In each case, I spent four months conducting participant observation, in-depth interviews, and archival research. In each country, I began my research at the stock exchange itself, moving from the exchange to stock broking firms (which I selected for more in-depth study based on firm characteristics that I learned in my initial research period) and to regulatory agencies and other participants, such as institutional investors. Analytically, I used my data to understand how the exchanges were established and how the markets work.

I found that different concerns motivated the establishment of these three stock exchanges, but that there were common experiences in setting up these markets. In each case, international legitimacy associated with establishing a stock exchange brought with it international assistance – in the forms of financial aid and technical expertise – to help plan for and launch the exchanges. This international legitimacy, however, was fungible, as the “solution” of establishing a stock exchange was attached to a variety of problems.

Reasons for Creating Stock Exchanges

In Fiji, the stock exchange was seen as a means to establish a more dynamic and neutral capital market. Rather than the exchange fulfilling demand of investors or companies for such a market, the stock exchange was seen as a means to stimulate such demand. The greatest push for the exchange came from the national provident fund. Given its size relative to the economy and the large proportion of national investment assets that it held, the provident fund had been criticized for having too great an influence on asset prices and also faced a limited supply of securities in which to invest. Establishing a stock exchange provided a means to address both issues. With a market institution establishing prices, the provident fund would be insulated from political criticism, while at the same time be able to take advantage of an increased supply of potential...
investments, as the stock exchange encouraged more companies to go public.

In Ghana, the stock exchange was established as part of the Economic Recovery Programme (ERP), a structural adjustment program that aspired to increase the productive potential of the economy through liberalization. The goals of ERP included doubling domestic savings to 10% of GDP and increasing foreign investment from 5% to 7% of GDP. To meet these goals, the ERP called for expansion of the financial sector, and establishing a stock exchange represented one of the means of this expansion. Serving as means to privatize state-owned enterprises as well as an institution for businesses to raise capital, the stock exchange represented a part of an entirely new financial system, which would help create incentives for Ghanaians to save and invest. It would also encourage international investors to supply capital to the country, which became particularly important in light of declining foreign aid from developed countries. Hence, there is a similarity in Ghana and Fiji in the envisioned effects of creating a stock exchange: the institutional innovation would stimulate the demand for such an institution by creating investors to supply capital and supporting companies, which wanted to raise capital. Nevertheless, there is an important difference that illustrates the fungible nature of stock exchanges. In Ghana, the stock exchange was viewed as providing new incentives for people to save and invest, increasing the supply of capital. In Fiji where sufficient capital already existed, the stock exchange would solve the problem of a limited supply of investment opportunities and address the concern about the influence of large investors.

Similar to the exchange in Ghana, the stock exchange in Iceland traces its origins to policies of government liberalization. Rather than international financial institution-led structural adjustment, however, the liberalization in Iceland was a component of a policy program that was part of the process of European integration. The policy of liberalization encouraged both increased independence of the banking sector and increased share ownership. To facilitate increased independence within the banking sector, the Central Bank established an exchange to trade its debt instruments. At about the same time, the government provided a tax incentive to subsidize individual purchases of company shares. The new exchange, however, did not trade these shares. Despite a very large increase in trading in company shares on over-the-counter markets, trading in company shares on the stock exchange happened only after the government made the exchange independent from the Central Bank. In its new position as an independent institution, the stock exchange was given oversight duties and also named the competent authority for certain European Economic Area functions.

Legacies of Institutional Locations

The institutional locations of the exchanges – the position of the exchange in relation to existing social actors – and the motivating purposes in establishing the exchanges created legacy effects on the operations of the exchanges. The institutional locations of these exchanges are defined by their relation to extant financial sector actors and to the state.

These institutional locations influenced the formation of stock brokerage firms. In Fiji, establishing the exchange as a counterweight to the national provident fund placed the exchange largely outside of the commercial banking sector, which was dominated by overseas banks, and in relative isolation from the state. Brokerage firms in Fiji were largely new creations. While the initial brokerage firms were subsidiaries of the exchange itself and the provident fund, these firms were spun-off and wound-up, respectively, when new brokerage firms were established. In Ghana, the exchange served as an instrument of structural reform and privatization. Given that the large commercial banks were state-owned enterprises, locating the exchange within these banks would have given too much continuing authority to the state. Brokerage firms, however, were supposed to serve to mobilize capital from foreign and domestic investors. In this light, brokerage firms were established by secondary financial institutions (which had contacts with domestic investors) and as new entities by “returning” expatriate Ghanaians who had contact with international investors. In contrast to Fiji and Ghana, the exchange in Iceland was established with greater involvement by the commercial banking sector and located more within the state. The commercial banks’ early involvement in the exchange – and their prominent role in trading government debt securities – led these entities to establish brokerage firms and to these firms becoming dominant in the brokerage market.

These variations in the institutional locations of the exchanges and brokerage firms are associated with differences in the trading practices and rules for each of the markets. In Fiji, trading rules require that all orders are priced by individual clients with a maximum buying or
minimum selling price. These orders are to be placed with the market during the first session after receipt of the order and orders are matched in strict price and time priority order. In Ghana, the exchange started by using a “call-over” auction. Under this system, brokers first placed orders to sell. Each broker was allowed to place one order, aggregating any number of clients’ orders into this one order. Brokers who placed their orders earlier than other brokers were allowed to adjust their prices downward to match the lower-priced offers to sell. After all these orders were collected, brokers could place orders to buy (again, restricted to a single order per broker but allowing for price adjustment). After all the buying orders were placed, orders were matched from the highest-price order to buy and lowest price order to sell, with trades happening at the buyers’ price. This system of processing provided brokers with a great deal of discretion in pricing clients’ orders, which has persisted even with the shift to a continuous auction trading system. Brokers used this discretion to handle pre-arranged block trades – often involving foreign investors – at prices at a discount or premium to the prevailing market price. After these trades, brokers would “restore the price” by trading a single 100 share lot at the previous market price. In Iceland, the stock exchange has used an electronic trading system since its founding, switching to the SAXESS system when the exchange joined NOREX, the alliance of Nordic exchanges. The system is programmed to match orders on price-time priority, but also allows brokers to enter manual trades that are in the range of the best buying and selling prices or that are of sufficient size. In practice, much of the trading that occurs involves proprietary trading by the commercial banks. These traders may have open orders in the trading system, may arrange for trades with other brokers, or may take advantage of open orders in the trading system.

These differences in trading practices create the foundation for different relations with individual investors, exemplified by variation in the relations of brokers with individual clients across the three markets. In Fiji, brokers typically explained to clients how the market operated and gave an overview of particular shares, their current prices, and the prices of open orders on the exchange, expecting clients to use this information to place orders with specific prices. Often these meetings would also involve some education about how the market worked and the trends in particular shares over time. In Ghana, brokers seldom explained the processes of trading to clients and, when they did, the explanation served to tell the clients why the transaction would have to take some time. Meetings with clients in Ghana focused more on selection of particular companies in which to invest, with brokers distinguishing between companies that paid a higher dividend and those that might offer longer-term prospects of capital gains. While brokers in Fiji would describe the different listed companies and the various components of an investor’s return (dividends and capital gains), they did not provide the interpretative framework to distinguish types of companies as in Ghana. In Iceland, meetings with individual clients frequently were conducted by representatives who specialized in customer service, with representatives sending instructions to brokers. In comparison to Ghana and Fiji, client meetings in Iceland were oriented much more toward a financial services model, concerning more than investment decisions. Additionally, a much larger proportion of individuals in Iceland invested through managed funds, so that the selection of particular companies was made by a fund manager. In such cases, the individual was left to determine – with the assistance of a representative – which investment strategy should be pursued, while the specific decisions to achieve the strategy were made by investment professionals.

Variability in Stock Market Operation

The organization of brokerage shapes the ways in which investors’ participation is fed into the stock market. As a result, brokerage organization also shapes the manners in which the markets operate, influencing characteristics such as price, volatility, trading volume, and liquidity.

In Fiji, given that all orders were traded under the same system of price-time priority and that investors placed orders with brokers at specific prices, one might anticipate that investors’ assessment of shares would have a large influence on the prices of trades and the volatility of the prices. Yet, investors’ understanding of how prices should be set and how the market operates were moulded through the information provided by brokers. For example, many brokers would emphasize recent price trends. Explaining to clients that a particular share was experiencing a gradual increase in price encouraged sellers to use the last traded price as a baseline to which one should add a small amount. When clients give such orders to brokers, particularly once they are placed with the stock exchange, they become what is “on the market,” developing an objective quality, thereby reconfirming the price trend. Certainly some of the price trends on the stock exchange during my research reflected the supply-and-demand situa-
tion: with only a small number of listed companies, relatively small total market capitalization, and incentives for share investment, one would expect that prices might increase. As the precise supply-and-demand situation changes, the investors' understanding may shift, changing the orders that are put onto the market. In the end, though, investors' understandings, as shaped by brokers, would continue to impact pricing and volatility.

The connection between investors’ perceptions and market realities was also found in Iceland; however, the actors whose perceptions matter differed. In contrast to Fiji, proprietary traders drove the market. Traders’ understanding of an appropriate investment – one that is volatile with sufficient liquidity – led the set of traders to similar securities. Particularly in the case of securities in which trading rules or other arrangements call for a certain mass of participation (such as market maker arrangements) the volatility was as much the consequence of trader action as the cause of trader action. Even in the case of shares that tended to be less liquid, less volatile, and that did not have any market maker agreement, proprietary traders would take positions, attempting to move the market. For example, in response to a query from the stock exchange about the share price movement of a small company, a trader explained that his firm kept buying shares to “find out what the real price was” – a “real price” representing one at which a larger volume of shares would transact. While the Iceland Stock Exchange publishes an official price of shares each day, this trader – and, for that matter, most of the other brokers – considered that “real” prices differed from the official prices and that they were marked by a higher volume and participation level. To this end, these traders and brokers for large investment funds would often attempt to “find” the real prices by placing large orders to buy or sell shares. These orders could create volatility, bringing in traders and brokers, whose daily work consisted of watching the market.

Brokers in Ghana perceived a professional responsibility to “protect the market,” perhaps attending to their greater discretion in pricing clients’ orders. Since most retail client orders were at a best effort basis and since these orders (as opposed to block trades) were taken to indicate the correct market price, brokers exerted a good deal of influence on prices. As in Iceland, there was concern about a correct or real market price; however, in Ghana, brokers shared an understanding of what a correct market price for a share was, decreasing the volatility in share prices when compared to Iceland. This perception was expressed in a meeting held by the stock exchange’s Continuous Auction Trading implementation committee. Exchange officials and brokers expressed the belief that price changes on the market should be for a reason and the direction of price changes should reflect the most current information about a company. An exchange between two brokers illustrated an understanding that there was a professional responsibility to not “spoil the market” by following client orders to sell “at any price”, if there simply wasn’t demand for a company with “good results.” Perhaps more striking was the conversation inspired by a consultant’s comment that “volatility is good” (a statement that could very well have been uttered by one of the proprietary traders in Iceland). The reaction of the stock exchange officials showed that volatility was generally not considered good in Ghana (unless the volatility related to actual market developments, such as news releases of a company’s profits). Excess volatility – volatility beyond what news about the market justifies – was held to be inappropriate, because it would spoil the public image of the stock exchange. Brokers had internalized this message and managed volatility by sacrificing liquidity. Rather than finding some buyer for a client’s shares today, they avoided “spoil the market.” The notion that supply and demand were not the determinants of price movement was expressed by a broker who told me that the price of the shares of a company that he was selling “had gone up far enough.” The broker expressed the view that supply and demand imbalances are temporary and that he shouldn’t exploit the imbalance. In this case, the broker was selling shares owned by his brokerage firm, not a client. Thus, the broker’s objective interest would appear to be to sell the share as highly as possible. Similarly, brokers would seem to have an objective interest to have high volatility and high trading volume (to maximize commissions) at all times. Yet, this broker – along with other brokers in Ghana – held to a belief that they had a higher obligation to limited price volatility for the exchange.

While brokers in Ghana limit volatility by managing liquidity, one would expect that brokers in Iceland, with some level of preference for volatility, did not manage liquidity. Yet, brokers expressed concern about acting to maintain liquidity. One broker explained that big trades for clients were negotiated off-market and reported manually, because “if you put it all on the market, the other brokers would take away their buying orders.” Many of these manual trades were achieved by swaps – the seller exchanging shares in one company for shares in another company, rather than receiving cash. One asset manager...
explained “If somebody needs cash, it is a difficult situation. To sell something off, you take a hit. The cash price can be 5 – 10% lower.” While the lack of cash during this period for many investors likely reflected the wider economic circumstances – fairly rapid depreciation of the krona against both the dollar and the Euro accompanied with high levels of foreign-currency denominated debt – the response in the situation to manage liquidity was telling. Brokers in Iceland acted to manage liquidity, realizing that attempting to use the liquidity of the orders already on the market would result in a drying up of the market. In contrast to the liquidity management in Ghana, liquidity management in Iceland was price mediated (cash settled transactions were at higher prices than bartered transactions), rather than reliant on the shared orientations of brokers to protecting the market.

**Conclusion**

The results of my research on stock exchanges in Fiji, Ghana and Iceland suggest that the development of these new stock exchanges should be understood as the consequence of using a globally legitimate mode of action in response to particular national concerns. These new markets were created in a manner that positioned the innovation in particular relation with existing actors. This positioning of the stock exchanges influenced which market participants were most influential on market outcomes. Overall, the comparative analysis of market operation demonstrates that price dynamics in markets are mediated by patterns of participation.

Erik Larson is an assistant professor of sociology at Macalester College in St. Paul, Minnesota. His research focuses on the emergence and transformation of legal, economic, and political institutions in relation to the global and national developments. In addition to his study of new stock exchanges, he is also examining political contention concerning economic affirmative action targeted on the basis of indigenous status; the preparation, presentation, and interpretation of evidence for international treaty reporting and monitoring bodies; and the nexus between the global indigenous rights movement and national and regional indigenous rights movements.
Understanding the household division of labour in a comparative perspective

Judith Treas
University of California, Irvine
jktreas@uci.edu

Sonja Drobnič
University of Hamburg
sonja.drobnic@uni-hamburg.de

According to economists, men allocate their time between work and leisure, but married women choose between work, leisure, and household production. The trade-offs that women face in parcelling their time between home and market point up entrenched gender inequalities. Although more women have entered the labour force, men have not been fully incorporated into household work. Even in dual earner families, most housework is still done by women.

Background

A computer search for “housework” in Sociological Abstracts identifies 853 articles in peer-reviewed journals published since 1978. Nearly all studies are micro-level analyses focused on understanding how the characteristics of the husband, the wife, and their household shape the division of household tasks between partners. Four arguments are used to explain the allocation of household labour: 1) the partner with more time available (i.e., with less paid employment) will do more housework, 2) the partner with fewer resources (e.g., income) will do more housework, 3) those with gender egalitarian views will divide housework more equally, and 4) housework is allocated so that gender will be reproduced in everyday interaction.

Only recently has research recognized that household labour plays out against the backdrop of distinctive cultural, economic, political, and family patterns that set the parameters for gender relations at all levels in the society. For instance, strategic case comparisons and multi-level models with large numbers of countries reveal that whatever their personal circumstances, couples share the housework more equally if they live in a country where cohabitation is more common (Batalova/Cohen, 2002), where divorce is more widely accepted (Yodanis, 2005), and where women have greater parity with men in public life (Fuwa, 2004). Other research links the division of housework to welfare state regimes (Geist, 2005).

Housework in country context

Our own research (Drobnič/Treas, 2006) examines the division of household labour in societies differing in female employment, gender ideology “traditionalism,” and family-related social policies. To capture cross-national differences in a theoretically informed way, we apply Esping-Andersen’s typology, examining (West) Germany as a conservative, USA as a liberal, and Finland as a social democratic welfare state regime. Data from the 2002 International Social Survey Program reveal differences between countries in hours spent on household labour, particularly for women, and in the gap in household hours between spouses. Not only does the country context predictably shape the division of housework via gender ideology and married women’s employment, but the context also colours the effects of individual and household characteristics.

German women report spending about 60% more hours on housework weekly than do Americans or Finns, and their household hours are more responsive to their partners’ circumstances – his work and housework hours, his retirement, and his income. Strikingly, German women with higher income than their husbands do not capitalize on their relative resources. Their violation of gender norms is apparently sanctioned, and they do more housework than in other couples. Thus, conservative welfare states not only seem to augment the demand for household labour, but they also support the male breadwinner family model with a clear separation of life spheres, women’s responsibility for the household, and their economic dependency on husbands.
Across countries, there is a consistent relationship between the housework hours of wives and husbands. Contrary to the expectation that males’ housework serves as a substitute for females’ housework, we observe a positive correlation between partners’ weekly housework hours, thus, refuting the specialization argument in the economic theory of the family. This finding calls for greater attention not only to the division of housework, but also to the way country context determines the volume of housework that is carried out.

### International Research Network

Work linking the organization of household labor to broader family institutions, cultural models of gender relations, and state regimes prompted the development of the Cross-National Working Group on the Division of Household Labour. Fifteen sociologists met in Montreal during the 2006 Meetings of the American Sociological Association to discuss questions raised by a comparative perspective.

- Do people in different countries see household work in the same way (e.g., as drudgery)? Do they agree about the unfairness of an unequal division of household labour?
- Do partners’ gender role attitudes still determine household behaviour? Are there new ideological forces for domestic change in a post-feminist world?
- Do state and corporate policies affect how husbands and wives divide the labour? Do family-friendly policies foster household gender equality, or do they just make it easier for working women to do more housework?
- How is the division of household labour responding to macro-level developments – globalization, immigration, declining welfare states, the growth of nonstandard employment, technological innovations, consumption trends, rising cohabitation, falling fertility, and aging populations?

Organized by Judith Treas (University of California, Irvine) and Sonja Drobnič (University of Hamburg) with the support of the Alexander von Humboldt Foundation, participants included Suzanne Bianchi (University of Maryland), Maria Charles (University of California, San Diego), Mary Blair-Loy (University of California, San Diego), Lynne Prince Cooke (University of Kent), Marie Evertsson (Yale University), Makiko Fuwa (University of California, Irvine), Claudia Geist (Indiana University), Karin Gottschall (University of Bremen), Jennifer Hook (Pennsylvania State University), Heather Hofmeister (Otto-Friedrich-Universität Bamberg), Johannes Huinink (University of Bremen), Liana Sayer (Ohio State University), and Carrie Yodanis (University of British Columbia).

**Judith Treas is Professor of Sociology at the University of California, Irvine. With the support of the U.S. National Science Foundation, she is engaged in cross-national research on the household division of labour. Recent work examines childhood experiences of maternal employment, adult residential mobility, and kin networks as they influence how married people divide household responsibilities. Other research considers the limits to Becker’s argument on the efficiency of gender specialization in the household. Treas has published over 70 articles and chapters as well as the recent book, The Blackwell Companion to Sociology of Families (with J. Scott and M. Richards).**

**Sonja Drobnič is Professor of Sociology at the University of Hamburg. She received her degree in Sociology from the University of Ljubljana, M.A. from Syracuse University and her Ph.D. from Cornell University. Her main research interests include life course, social stratification, comparative research and longitudinal research methods. She is a coeditor (with H.-P. Blossfeld) of Careers of Couples in Contemporary Societies: From Male Breadwinner to Dual Earner Families (Oxford, 2001). In addition to her current collaboration with Treas comparing the division of household labour in Germany, Finland and the U.S., she is studying social networks, social capital, and the quality of life in a changing Europe.**

### References


Let me explain why economic sociologists should find circuits interesting. I began work on economic circuits about six years ago, but then left the topic aside while writing The Purchase of Intimacy. That book did not deal with circuits explicitly, but it did raise the more general questions for which circuits provide a possible answer: through what configurations of interpersonal relations do people carry on valued economic activities, and how do they work?

Not that I have a neat logico-deductive theory of circuits to propose in answer to that question. Within economic sociology, scholars adopt remarkably contrasting styles of work. Some follow a theoretical agenda deliberately from one analysis to the next, advancing the agenda step by step with new arguments and data. Others immerse themselves in a body of observations and evidence, writing up what they see, then gradually clarifying the main points they want to get across. Still others sit in the middle of intellectual fields with a dozen projects buzzing, some of them empirical analyses, some of them critical syntheses, and some of them combinations of the two.

For my part, I find I can only work effectively by first identifying a phenomenon that people do not understand well, then plunging into cases that embody the phenomenon, moving back and forth repeatedly between cases and arguments, only arriving at provisional syntheses through long struggles to reconcile evidence and theory. That is no doubt why most of my work organizes around books, with my articles usually taking shape as offshoots of book projects. What’s more, one book project typically leads to the next: writing a book makes me acutely aware of relevant problems I haven’t solved, and that would be worth solving.

That certainly happened with The Purchase of Intimacy. The book examines the interaction of many varieties of intimate relations with many kinds of economic activity, asking how people make them work together despite the frequent fear that each will corrupt the other. As I worked on the book, I saw two things ever more clearly: first, that treating only two-person relations one set at a time missed the large impact of third parties on the forms and qualities of intimacy as well as the character and significance of the economic activity involved; second, that conventional concepts of economic sociology, such as network, hierarchy, market, household, and firm, did not accurately capture the cross-cutting complexity of the social interactions I was examining. That realization brought me back to circuits.

Given this style of thought, I can’t present a neat account of circuits here, much less tell you exactly how I will refine and verify such a theory. Instead, I want to identify the social arrangements I call circuits of commerce, say how they matter to economic life, tell you where to look for them, enumerate some questions we should be asking about them, and sketch an approach to investigating them. Naturally, I will build on cases.


We start with migrants’ remittances. How are they widespread, consequential, multiply invented, and puzzling? Remittances consist of money and other resources acquired by migrants at their destinations and sent back to their home communities as support for persons and activities. Remittances most often go to family members who have stayed behind or returned, but sometimes also support more distant connections, such as neighbours, priests, and politicians.²

They are certainly widespread and consequential. According to the World Bank’s latest Global Economic Prospects, remittances to developing countries have now passed both development aid and foreign direct investment as sources of international income. Including informal and unrecorded transmissions, World Bank estimates place the total for 2005 at around 250 billion dollars. Remittances appear to have significantly reduced domestic poverty in such low-income countries as Uganda, Bangladesh, Ghana, and Guatemala. Finally, a significant share of all remittances to
developing countries – most likely a third or more – flow not from rich northern countries like the United States, but from poorer countries, for example Russia, to even poorer countries elsewhere (World Bank 2006). Remittances, in short, are having a major macroeconomic impact on the world’s lower-income regions – which is, of course, precisely why the World Bank has now taken an interest in them.

It’s not just money. Migrants also send back food, clothing, appliances and other sorts of gifts. In addition, recipients regularly reciprocate by sending food, medicine, and other goods as well as helping with the emigrants’ responsibilities at the place of origin. Consider the remarkable remittance networks described by Rhacel Parreñas for Filipino families. Mothers as far away as Taiwan, Israel, and Hong Kong not only remit significant portions of their earnings but also maintain regular connections to their families with repeated telephone calls, letters, voice recordings, instant messages, photographs, and visits. What’s more, Parreñas discovered, emigrant women closely monitor their households’ spending, typically through agreements with their eldest daughters, who act as their mothers’ proxies.

The daughter in the Philippines co-manages with her mother a shared bank account, disbursing funds as her mother stipulates. Nineteen-year old Barbara Latoza, for example, lives with her 12 and 15 year-old brothers while her mother works in Taiwan and sends back monthly remittances from there. She explained to Parreñas:

“I am the one who gets the money from the bank. After that, sometimes my mother calls and tells me how to spend it. She budgets it so that we could afford the household expenses and my tuition. Before I go to withdraw the money, she will call me and tell me what to do with it” (Parreñas 2005: 326).

Filipino mothers aren’t unique. Across the world and with many cultural variations, migrants create similar systems of mutual control at long distance and over long periods of time. How do they do it? It will not suffice to say simply that absence makes the heart grow fonder. Nor is sending remittance money simply like sending a charitable check for a good cause. These are negotiated two-way exchanges that build on residues of the past and expectations for the future. Remittance senders and recipients are therefore involved in close social control and coordination. Given our usual cynical assumptions that people who have access to desirable resources will ride free, defect, and cheat in the absence of severe threats and close monitoring, how do these social arrangements maintain themselves?

Rotating savings and credit associations raise parallel puzzles. Once again, across the world and with many cultural variations, people without access to formal banks or credit organize themselves into small informal saving and lending groups. Whether the money comes from outside lenders or from the members’ own savings, such arrangements give substantial sums to one member while other members wait their turns. For instance, most of the migrant Filipino domestic workers interviewed by Parreñas in Los Angeles and Rome had at one time or another belonged to a rotating credit association. Such arrangements often take the name ROSCA, an acronym for Rotating Savings and Credit Association. Worldwide, they appear to draw in women much more frequently than men, probably because men have greater access to conventional forms of capital and credit. Ivan Light describes these thriving financial systems in the Handbook of Economic Sociology. As Light says:

“ROSCA is the generic name for a popular financial system found in many countries of Asia, Latin America, and Africa. Members of a ROSCA, usually numbering 10 to 30, come together monthly or weekly to make a contribution to a common fund, which is lent in turn to each member until all members have received the fund. At that point, the club is disbanded, and a new one formed, usually with substantial continuity of membership. Early recipients of ROSCA funds are borrowers, who may pay interest to the fund; later recipients are savers, who may receive interest” (Light 2005: 658; see also Biggart 2001).

According to Light, most rosacas convey ten thousand dollars or less, but in some cases large amounts of money, sometimes millions of dollars are involved. The money is used to start up businesses, for saving, and for spending. The wonder here is that such collective arrangements frequently work with little default and considerable return for all participants.

Microcredit borrowing groups raise similar puzzles. Phenomenally successful around the world, microcredits also exist in the US. While some microcreditors lend to individuals, in the case of microcredit borrowing groups, creditors loan small sums of money to a group of borrowers who are unable to get credit from banks. Borrowers often have no pre-existing ties but come together for this specific venture. If one member defaults on the loan, the entire
group commonly loses its credit. As Denise Anthony remarks: “Given the high-risk characteristics of most borrowers, group failure is surprisingly rare” (Anthony 2005: 501).

What explains these puzzles? As currently instituted, theories of markets, hierarchies, and networks do not provide an adequate description of these structures, much less a satisfying explanation for their persistence and effectiveness.

I see all these economic arrangements, remittances, rosicas, and microcredits as instances of a more general but poorly recognized set of economic structures. I call those structures commercial circuits or circuits of commerce in an old sense of the word, where commerce meant conversation, interchange, intercourse, and mutual shaping.

How do we recognize a circuit? Is it just a fancy name for networks? No, it has network properties but much more than that. As conventionally understood in economic sociology, neither markets, hierarchies, networks, nor their combinations in firms and organizations come close to identifying the special features of commercial circuits. Nor do circuits qualify as all-embracing communities in the usual sociological sense of the term. Circuits bear greater resemblances to common pool systems as described by Elinor Ostrom (1990) and trust networks as analyzed by Charles Tilly (2005). But neither of those helpful analogies captures the dynamics of circuits. Using the label “Zelize circuits,” Randall Collins asserts:

“Micro-translating economic class shows, not a hierarchical totem-pole of classes neatly stacked up one above another, but overlapping transactional circuits of vastly different scope and content. Because these circuits differ so much in the particularity or anonymity of connections, in the kind of monitoring that is done and in orientation toward economic manipulation or consumption, individuals’ experiences of economic relations put them in different subjective worlds, even if these are invisible from a distance” (Collins 2004: 268).

In his essay on circuits of commerce for the newly published International Encyclopedia of Economic Sociology, Olav Velthuis declares that the concept of circuits “draws attention to the fact that exchange is invariably conducted in particularized social and cultural settings” (Velthuis 2005a: 57). Although the concept has by no means swept the field, scholars on both sides of the Atlantic have started to use the idea of circuits in studies covering the broad range among art markets (Velthuis 2005b), French factory workers (Anteb y 2003), Cuzco market women (Seligmann 2004), Brasilian folk religion (Baptista 2005), New York Senegalese migrants (Sagna 2004), Argentine barter networks (Ortiz 2004), U.S. micro-credit borrowing groups (2003), Silicon Alley and Philadelphia venture capitalists (Indergaard 2002; Mote 2004). Like me, other researchers have sensed that a distinctive form of economic interaction is at work. Circuits of commerce obviously need further investigation.

To identify a circuit, we look for the following elements:

- a distinctive set of social relations among specific individuals.

- shared economic activities carried on by means of those social relations.

- common accounting systems for evaluation of economic exchanges, for example special forms of monies.

- shared meanings that people attach to their economic activities.

- a well defined boundary separating members of the circuit from non-members with some control over transactions crossing the boundary.

It is tempting to add a sixth stipulation to the ideal type: mutual awareness of the participants. But that criterion will be difficult to apply. In any case, the “shared meaning” stipulation suffices to distinguish commercial circuits, from, say the set of persons connected by circulation of a particular dollar bill or all the people who cash frequent flier miles with a given airline.

These circuit characteristics obviously appear in remittance networks and rotating credit arrangements. Both systems qualify unquestionably as commercial circuits. Thinking of remittance circuits, let’s briefly take up the 5 elements one by one, as described by Parreñas:

- What set of distinctive social relations are involved here? Clearly, in the Filipino case we find remittances connecting mothers to their eldest daughters in special ways, but also establishing diverse relations among the mother and her other children, members of the extended household, as well as fathers. Each of these has a somewhat different
relationship to the remittance stream: migrant mothers, for instance, rarely delegate financial management responsibilities to husbands or their sons, but they do often remit money directly to a son designated for his personal use.

Shared economic activities? Remittances serve the households’ current consumption, spent for food, furniture, and other household goods, but also for celebratory gifts, such as birthdays or holidays, as well as down payments for homes and savings for the future.

Accounting system: most dramatically represented by the joint bank account, co-managed with the eldest daughter, but more generally built into a household budget; the participants explicit naming of these complex transactions as “remittances” underlines their special status as an accounting system.

Remittances convey powerful shared meanings. For Filipino migrant mothers, Parreñas finds, the monies symbolize and enact their caring connections to the family back home. The monies partly define “good” migrant mothering.

As for boundaries separating members of the circuit from those outside, in the Filipino case, kin relations establish those boundaries. In other cases boundary-setting poses greater challenges as they may include more distant kin, neighbors, friends, children’s caretakers, clergy, and even local officials.

Much more generally, notice two remarkable features of such remittance circuits. First, these relations do not simply constitute a fixed table of organization with its prescribed roles: participants are constantly negotiating, contesting, and reshaping their relationships to each other. The process is often contentious, as people struggle not only over who has the right to receive remittances, but over quantities and uses. Parreñas reports, for instance, other members of the extended family’s annoyance with migrant mothers for subverting kin authority by sending monies to the eldest daughter and not to them.

Remitters often engage in interventions already familiar from the study of a wide range of monetary practices: earmarking. In this case, earmarking consists not merely of sending an amount of money, but also marking that amount for a particular destination, often by endowing it with a specialized name and form. Yen Le Espiritu, who like Parreñas, has looked closely at the remittance experience of Filipino migrants and their families, finds migrants sending money specifically “to help an ailing parent, to finance a sibling’s college education, to alleviate an emergency situation, to purchase property, or to provide extra spending money for family members during holidays” (Le Espiritu 2003: 90). In Rome, Jennifer Jeremillo told Parreñas about her allocation of remittance monies:

“I send 500,000 lira [U.S. $333]. I have to pay for the domestic helper, and then I have a regular allowance for my kids, and then the rest is for my mother . . . my parents are using the money to renovate and expand the house” (Parreñas 2001:112).

Those who remit also earmark their own funds as they run their daily lives: they negotiate what portion of the earnings they will spend on themselves and how much to send back home. Interviewing Hispanic migrants to Miami and Los Angeles in 2002, a Pew Hispanic Center study found not only that almost all respondents reported sending remittances to support families back home, but that most gave remittances priority over their bills and expenses in the U.S. “Before anything,” Mexican emigrant respondent Marisela remarked, “I send them the money because they count on it. Then afterwards I pay the bills, my rent, but the first thing I do is send it” (Suro, Bendixen, Lowell, Benavides 2002: 7).

Negotiations over remittances, however, do not always run smoothly. Le Espiritu describes for instance Ruby Cruz’s recollection of her parents’ bitter disputes over remittances sent to the Philippines:

“My dad’s always proving himself to his relatives back home. So whenever they ask him for money, he just gives it to them. That makes my mom really, really mad because she worked two jobs so that my brother and me wouldn’t have to work when we are in college. But now that money is gone” (Le Espiritu 2003: 93).

Turning to a second crucial feature of remittances, we see them exerting collective control over the circuit’s members. Obviously the forms of negotiation we have just been discussing produce collective control over participants and their relations with each other. In the case of Filipino mothers’ collaboration with their eldest daughter, Parreñas shows how the arrangement assured the mothers’ control over how her earnings were spent, thus protecting that money from abuse by fathers or other kin. In this instance,
the mother and daughter become crucial partners in a very
effective and more general system of control.

In such social arrangements, those who fail to meet their
obligations first feel sanctions and then exclusion. In both
migration remittance systems and rotating credit arrange-
ments participants regularly warn, shame, sanction, and
finally expel defaulters or foot-dragging members; they
become pariahs (see, for example, Philpott 1968). In many
such systems, the boundary between faithful remitters and
defaulters divides upstanding family members from dis-
honourable exiles, but it also separates households that
regularly receive support of their migrant members from
less fortunate households at the origin.

Beyond definition and description, what general properties
will we find in circuits? For further investigation, I propose
these features:

■ Circuits have special properties that constrain members’
economic behaviour.

■ They lend coherence to economic activity that neither
purely individual interest nor general market principles can
explain.

■ Intuitively but sometimes even consciously, participants
make significant efforts to create, maintain, and enter such
configurations.

■ Circuits create an institutional structure that reinforces
credit, trust, and reciprocity within its perimeter, but or-
ganizes exclusion and inequality in relation to outsiders.

In my earlier papers on circuits, I described local monetary
systems, relations involving the provision of personal care
and (much more briefly) circuits within corporations. In
addition to more work on these varieties of commercial
circuits, we could certainly look at relatively obvious,
sharply bounded cases such as communes, prisons, com-
pany towns, asylums, concentration camps, military units,
trade diasporas, religious cults, and isolated communities.
For a greater challenge, we should turn to the informal
economy, including sex work, street vendors, garage sales,
and commerce in contraband. Commercial circuits on
college campuses have not attracted the attention they
deserve. All of them raise important further questions,
including:

■ the conditions under which and the processes by which
circuits (rather than, say, firms or thin and loosely bounded
networks) form and take up significant economic activities

■ how they maintain themselves over time, change, and
disappear

■ how boundaries work, both in controlling members’
behavior and in signaling differences between insiders and
outsiders

■ how the extent and character of inequality within cir-
cuits affects their operation – and therefore whether cir-
cuits disintegrate beyond some threshold of inequality

■ to what extent and in what ways members become
aware of their membership in circuits, give it a name or
otherwise represent that membership, and build that
awareness into their mutual influence

These questions define a promising research frontier. Eco-
nomic sociologists have already produced voluminous
research on organizations, networks, and dyadic economic
relations. They have not so far conducted much substantial
work on circuits. Even if commercial circuits turn out to be
more complex and variable than my simple sketch indi-
cates, clearly they occupy a space – theoretical and empiri-
cal – adjacent to organizations, networks, and dyadic eco-
nomic relations. Commercial circuits deserve more sus-
tained analytical attention than they have received so far.

Viviana A. Zelizer is Lloyd Cotsen ’50 Professor of Sociology at
Princeton University. She specializes in historical analysis,
economic processes, interpersonal relations, and childhood.
She has published books on the development of life insurance,
the changing economic and sentimental value of children, and
on the place of money in social life. Her most recent book, The
Purchase of Intimacy (Princeton University Press, 2005) deals
with the interplay of economic activity and personal ties, es-
specially intimate ties, both in everyday practice and in the law.
It includes the formation of couples, the provision of personal
care, and social relations within households.

Endnotes

1 This paper adapts a presentation to the Princeton University
Department of Sociology’s Economic Sociology Workshop, May
2006. I thank the Princeton audience for their response and Nina Bandelj for editorial and substantive suggestions. 2 For extensive bibliography on remittances see Zelizer and Tilly, forthcoming.

References


Baptista, José Renato de Carvalho, 2005: No candomblé nada é de graça...” estudo preliminar sobre a ambigüidade nas trocas no contexto religioso do Candomblé. In: Rever Revista de Estudos da Religião 1, 68-94.


Zelizer, Viviana, 2000: How and Why Do We Care About Circuits? In: Accounts (Newsletter of the Economic Sociology Section of the American Sociological Association), (Fall) 1, 3-5.


Laurent Thévenot answers ten questions about economic sociology

Laurent Thévenot is Professor at the École des Hautes Études en Sciences Sociales (EHESS), Paris, and Senior researcher at the Research Bureau of the Institut National de la Statistique et des Études Économiques, Paris. With Luc Boltanski, he created the Groupe de Sociologie Politique et Morale and co-authored On Justification (Princeton University Press, 2006 [1991]), which analyzes the most legitimate repertoires of evaluation governing political, economic and social relationships. It has been influential in the new French social sciences (so-called “Pragmatic turn”), and in the “Convention Theory”, a strand of Institutional Economics. He also co-edited two books concerning new approaches of action, the practical engagement of objects and social cognition: Les objets dans l’action (with Bernard Conein and Nicolas Dodier, Éditions de l’EHESS, 1993), and Cognition et information en société (with Bernard Conein, Éditions de l’EHESS, 1997). He recently published a book offering an analytical framework to deal with these issues: L’action au pluriel: sociologie des régimes d’engagement (La Découverte, 2006). This framework has also been developed and tested in collaborative and comparative research on the political and moral grammars of making things and issues common: Rethinking Comparative Cultural Sociology: Repertoires of Evaluation in France and the United States (ed. with Michèle Lamont, Cambridge University Press, 2000). The results of a subsequent Russian-French comparison are forthcoming. Laurent Thévenot is co-editor of the journal Annales, Histoire, Sciences Sociales.

1. How did you get involved in economic sociology?

Before getting involved in “Economic sociology”, I studied economics at École Polytechnique and then sociology at EHESS with Pierre Bourdieu as an unforgettable master. Later I received additional training in political and moral philosophy, through readings and the fortunate personal encounter with the generous and enthusiastic enlightener Paul Ricoeur. I took advantage of my engagement in various and often conflicting disciplines to address a question which appeared to be common to all of them: How are human beings and their environment “informed”, in the sense of having the mind formed and given form to, so that persons can act together in the world, that is, coordinate with each other in spite of personal and material singularities which hinder commonality?

The question originated from my work on categorization tools, which are at the core of social cognition studies, highlighted also by neoinstitutionalist economic sociologists. Bourdieu’s sociology, which inherited Durkheim’s and Mauss’ concern with social categorization, and added a Marxist twist (i.e. “classification struggles”) fit these issues particularly well, together with Foucault’s The order of things. However, I wanted to explore another direction and consider the role of these tools in the coordination between human beings and between human beings and things. I extended the economic notion of investment-as-sacrifice-and-roundabout-method-of-production to costly operation, which establishes stable and generalized relations in time and space through “investment in forms” such as standards, trademarks, instructions, degrees, etc. The performatative character of economics language is only one among different returns on investments in forms. In my first 1985 research on “the economy of conventional forms”, the term “l’économie” already had the same double meaning as it would acquire later in “les économies de la grandeur” (“economies of worth”) and “l’économie des conventions”. Beyond the domain of economy and economics, this notion points to the economy of coordination costs, which results from investments in conventional forms. Coordination modes vary with the characteristics of these investments, which are unequally extended in time and space, and objectified.

In terms of economic sociology: actually I participated in the creation of two new currents of research, one in economics (Économie des conventions) and the other in sociology (Sociologie politique et morale), which overlap and both address economic sociology issues. I have developed the first stream with economist companions from INSEE (National Institute for Statistics and Economic Studies), François Eymard-Duvernay, André Orléan and Robert Salais, and Olivier Favereau at the University of Paris X Nanterre. I expanded the second research agenda on the basis of a rare collaboration with the Luc Boltanski. Both these currents of research can be related to the European genre “school”. But because of strong individualities and
durable engagements of close friendship and mutual esteem, I prefer to call them “company”.4

2. Could you name books or articles that have profoundly influenced your own thinking within economic sociology?

I mentioned before classics, and Max Weber is clearly a major reference because he worked to understand not only how the social and economic were interconnected but also how the socio-economic was connected with politics and law, grounding these relations in a rich theory of action. I would also like to pay tribute to some of the American colleagues whom I met at different stages of my research, in the US and sometimes in France, as was the case with Jeff Alexander. During my first stays at Harvard, Michael Piore and Chuck Sabel were working on their Second industrial divide, in particular on Italian industrial districts and the articulation between competition, trust and fashion, which correspond in our schema to three different orders of worth: market, domestic and fame. At Wisconsin, I had enlightening exchanges with Monique Girard and David Stark; Stark initiated me in the East European capitalism and "recombinant property", another case of subtle articulation of interrelations between different coordination modes. At Princeton, Luc Boltanski and I had fruitful conversations with Albert Hirschman, who deeply influenced our work because of his innovative work on shifting involvements, and more generally his concern for the politics and morals of the economy. At Princeton I also met creative authors of cultural sociology and economic sociology, Viviana Zelizer, Paul DiMaggio and Frank Dobbin. I visited Princeton often because of the US-French program, which Michèle Lamont and I had launched to develop a comparative cultural sociology with the aim to distinguish between cultures with respect to basic repertoires of evaluation and moral boundaries.5 Exchanges with Ann Swidler at Berkeley were precious too. At Stanford, I made the link to other disciplines. With Jean-Pierre Dupuy, Bernard Manin and André Orléan, the Economics of convention came into challenging contact with the philosophy of Michael Bratman, the politics of John Ferejohn and the economics of Kenneth Arrow.6 Personal meetings with Mark Granovetter and Richard Swedberg came later, after my reading of their seminal works in Economic Sociology. I also want to pay homage to Aaron Cicourel, (Bernard Conein helped me to become personally acquainted with him), the inventor of a kind of social cognition which is so important for Economic Sociology.

3. In a widely cited article, and more recently a book, you and Luc Boltanski have introduced the notion of worth into (economic) sociology. Do you see this notion as an alternative to the notion of value? And if so, what is wrong with the notion of value?

I mentioned before my first step in conceptualizing the kind of “economies” brought about by “investments in general forms,” resulting from attempts to cope with uncertain and costly coordination. Persons and things thus “qualify” for a certain mode of coordination. The second step resulted from my collaborative work with Luc Boltanski on the plurality of orders of “worth”.7 Drawing on my previous research, and on Boltanski’s own research on “denunciation” letters sent to newspapers (which show the attempts and failures to develop a general cause on the basis of individual difficulties), we related the operation of form-giving – or building equivalence through forms of generality – to that of making people and things more valuable. In this respect, which is a key issue in addressing the political and moral actor’s involvement, we departed from our pioneering influential colleague and friend Bruno Latour.

When values are not discarded in the social sciences, they are most often attributed to individual preferences or to collective social norms. We chose the term “worth” to conceptualize the judgment linking the justification of actions to the qualification of persons and things. Someone or something is “worth it” when it is sufficiently good and significant to justify a specified action. In that sense, worth departs from an abstract value unaffected by the evaluation of practical consequences. Worth is put to the reality test of effective coordination. We view evaluative judgment as an open and practical operation, which is necessarily involved in doubtful coordination, which means searching for agreement or concord against a background of discord. We paid much attention to the fact that the arrangement of the situation (“dispositifs”) induces certain evaluative forms of coordination, and that persons and communities have to shift from one to the other, and make compromises among them, depending on the situation. We chose the empirical domain of economic organizations and markets, which are at the very core of Economic Sociology. Characterizing the most legitimate forms of coordinative evaluation, we brought out a unique set of requirements which all of these forms meet and which express a certain sense of justice and injustice. Therefore,
On justification makes explicit what we called “grammars of the polity” backed by specifications of the common good, and relates everyday disputes to political philosophy constructions, shedding light on the implicit normative basis of the critical sociology of domination and power.

4. Your work has been foundational for the economics of conventions school. Do you feel like this school is well integrated into economic sociology?

Some strong parts of the Economics of convention, like the plurality of qualifying processes for products, producers, workers or consumers are quite well integrated into Economic sociology, notably through Michel Callon’s appealing analysis of “the laws of the market” which is also backed by actor-network theory. But the strategies have been somewhat different. Economic sociology currently aims at unveiling the hidden social part of economic phenomena that economists ignore or misrepresent. We would rather work in parallel with the two disciplinary traditions, bringing out common fundamental issues about coordination, cognition and evaluation, and qualification of the human and material world, questions which are blurred by disciplinary antagonisms.

In the issue of Sociologia del Lavoro, (2006, n°102) devoted to the Economics of conventions, David Stark wrote a provocative and illuminating discussion entitled “For a sociology of worth” which puts forward an economic sociology that would “break with Parsons’ Pact” and abandon “the dualisms of value versus values and economy versus embedded social relations”. He calls for the analysis of ongoing processes of valuation in assessing the value “under conditions of competing metrics of performance”, in “incommensurable assessments in everyday life” and in political “contestation over the very criteria to assess worthiness”. He characterizes the “hierarchically organized” which exploit the productive friction of evaluative frameworks.

5. The economics of conventions school seems to have been a by-and-large French School up until now. Do you expect this school to expand into other parts of Europe and the United States?

Obviously there is a need for more translations from French and English papers and books. But things are changing now, supported by our cooperation with sociologists who share a renewed interest in politics. Escaping the two pitfalls of overall denunciation or prophetic discourse on globalization, these scholars focus on the dynamics of political grammars and moral worlds, which are involved in the contemporary transformation of economy and society. For instance, a new generation of Italian sociologists is related to the convention school in their concern with the compromising arrangement that links civic concern with market competition and domestic coordination in marketized public services and policies, and local development, which contests the state. I am thinking of Tommaso Vitale, who edited with Vando Borghi the aforementioned issue of Sociologia del Lavoro, and Laura Centemeri who sheds new light on the combination of community ties, entrepreneurial spirit and environmental concern in the movement toward local politics. Another example can be found in Russia, where there is also a need for a fine-grained analysis of the weaknesses of most formal conventions, and the resulting prevalence and sophisticated plurality of familiar and close engagements. With a double training in sociology and economics, Anton Oleinik is conducting innovative research on these subjects. In the US, Nina Eliasoph and Paul Lichterman are developing a remarkable ethnography of confronted “moral narratives” and the materialized, grounded understanding of moral judgment in non-profit sector and civic organizations.

6. What do you see as the main differences between economic sociology in Europe and in the United States?

The preceding comments on Italy and Russia, and the French case as well, suggest that there are certain differences. In the old Europe, by contrast to the US, accommodating the grammars of political liberalism and market-competition raises tensions and need for compromise with respect to “domestic” worth and a variety of mutual engagements based on personal ties. Our comparative collective research, coordinated with Michèle Lamont, made this difference clear. American political and social sciences, which help generate international concepts, are dependent on liberal grammars which do not adequately capture these tensions and compromises, or the sophistication of various personalized compromises, which contrast with the liberal separation of individuals and of public and private. I don’t refer here only to rational choice or self-interest models but the interactionist tradition as well and its pragmatist ancestors. This is one reason why European...
Laurent Thévenot answers ten questions about economic sociology

sociological research on economic issues seems more concerned than American research with the varieties of capitalism or articulations between market coordination and other coordination modes.3

7. Is it important for you to establish a dialogue with economists, and if so, what are feasible strategies to accomplish that?

I have already underlined the double relation with economics and social sciences in my work and in the Economics of convention. A serious investment in these disciplines and humanities is required if we are to go beyond superficial borrowing, or a cursory and reductive transfer. Very few traditional economists are ready to meet this requirement. Some Institutionalists did, such as Veblen and Commons in their relation to pragmatist philosophy. Sociologists are frequently reluctant to admit that economics might bring some knowledge on their research subject, even if it requires some translation into more transversal categories.

8. Which countries/cities/universities in Europe do you consider to be contemporary strongholds for economic sociology?

I would not claim to offer a correct map of the field. I’ve already mentioned Italy and Russia for research inspired by the Economics of convention. More generally, I believe that the interest in economic sociology is rising in Russia because of the significance of the “informal economy” and the failure of standard economics to capture the Russian economy and society. I think the work of Vadim Radaev at the Higher School of Economics, in particular. In Germany, as elsewhere, social studies of science have moved to focus on economy and Karin Knorr-Cetina is offering her remarkable craft to research on financial markets. There is clearly a strong pole around the Max Planck Institute for the Study of Societies (MPIfG) which hosts this valuable newsletter. The connection seems quite productive between economic sociologists such as Jens Beckert and scholars like Wolfgang Streeck who developed his important comparative research in political economy before the “economic sociology” label and professional field were designed. This is the case in France too. Apart from the new advances mentioned before, including Latour’s and Callon’s sociology of actor-networks, there have been strong traditions in institutional economics such as the “Regulation school” originating in the Marxist thrust of the 1970’s around Robert Boyer. The Durkheimian school, as Philippe Steiner research demonstrated, was open to economic phenomena as was the Bourdie school.

9. What are according to you the main current debates within the field?

Today standard economics claims to deliver scientific expertise and diagnosis on domains which are far removed from market coordination, such as law, institutions and politics. We can study the social construction and practical consequences of this expertise. But there is a need for another kind of analysis which would situate the market worth informing these economists’ evaluations relative to other orders of worth and common good, or regulatory orientations which would lead to quite different diagnoses. The importance, for Economic sociology, of rigorous analysis of institutions and politics was the central focus of a conference recently organized by the MPIfG which offered a rare opportunity to bring together Economic sociology, Political economy, Regulation theory and Economics of conventions. Advances in this analysis demand specific attention to law and the variety of legal normative justifications, as well as governance devices, which mix market coordination with this variety, such as regulation or standardization authorities.

10. In your view, what research topics within economic sociology have so far been neglected or have not received enough attention?

The fabric of our contemporary capitalist societies, with the increasing overlap of politics, work and privacy, is made of composite arrangements with high political and moral complexity. In a short period of time and possibly in the same place, “flexible” actors have to bring together, balance and move between quite different modes of action and coordination with others. Some modes refer to broad-based kinds of good and right, others to self-interested and strategic behavior, yet others involve care or personalized familiar relationships. These transformations challenge the models of action most commonly used in Economic sociology and sociology in general. I got this feeling from participation in the renewed debate in France -- though this is not an exclusively French debate-- concerning theo-
ries of action. This debate brought together, in the so-called “pragmatic turn”, sociologists, historians, economists and philosophers. After the two previously mentioned research agendas in my work (investments in form and plurality of orders of worth), I took up the challenge and developed an analytical framework to account for the plurality of “regimes of engagement”, from publicity to familiarity, and analyzed the architectures of communities and personalities.

Endnotes

Thanks to Olav Velthuis for his help with the interview. You can find more information about Laurent Thévenot’s work also in June 2004 issue of the European Economic Sociology Newsletter.

1 This research was done at the INSEE (National Institute for Statistics and Economic Studies) with Alain Desrosières who was the first go-between with Bourdieu.


3 The Groupe de Sociologie Politique et Morale (Ecole des Hautes Études en Sciences Sociales and Centre National de la Recherche Scientifique) which we created is presently run by Nicolas Dodier who has been regularly working, both empirically and theoretically, on Economic sociology objects.


6 And later with Harrison White through a collaboration involving François Eymard-Duvermay and Olivier Favreau.


Read and recommended: Recent literature in economic sociology

Yuval Millo
Department of Accounting, Finance and Management
University of Essex
ymillo@essex.ac.uk

Typically, one would expect to find in a read-and-recommended section reviews of recent books. In spite of this convention, I decided to open this review by referring to a journal article. That said, John Padgett and Paul McLean’s paper, “Organizational Invention and Elite Transformation: The Birth of Partnership Systems in Renaissance Florence” (American Journal of Sociology, 2006) is not an ordinary journal article. Spanning more than one hundred pages, it is not a typical journal article but in effect a short monograph. Indeed, because of its generous breadth, the historical narrative in the paper provides virtually a continuous chronological and thematic support of data, both qualitative and quantitative for the analytical framework. Space limitations do not allow for a thorough review of the paper, which offers a novel conceptual framework for the explanation of innovation. The innovation, in this case, is the evolution of the modern business partnership system. The authors suggest that the social mechanism through which the innovation materializes is the reproduction of multiple networks. Note that the emphasis is not placed primarily on the structural attributes of the networks (although this aspect is not completely discarded), but instead the authors focus mainly on the variance of networks that take part in the emergence, evolution and establishment of the innovation. Furthermore, and this is yet another refreshing break from much of the mainstream social network analysis literature, the model pays particular attention to inter-network transformation process through which meanings are transposed and re-read into the new context. This brief description may sound like an Actor-Network reading of the paper and, in truth, Latour is cited once. Nevertheless, a more significant source of influence on the authors, at least ostensibly, is genetics, from which the notions of recombinant innovation and catalysis are borrowed. It would be safe to assume that this interdisciplinary borrowing is an outcome of the time John Padgett spent at the Santa Fe Institute. To conclude, the paper is a fascinating piece of work, a presentation of well-written sociological narrative, underpinned by a robust display of methodological abilities.

The second piece I would like to recommend here can be regarded as the historical mirror image of the process that Padgett and McLean describe in their paper. Whilst 15th century Florence was the birthplace of the business partnership, the two political scientists Peter Gourevitch and James Shinn analyse the continuing crisis in contemporary corporate governance in their book Political Power and Corporate Control: The New Global Politics of Corporate Governance (Princeton University Press, 2005). The book poses two major thematic questions. The first question concerns the politics of corporate regulation, its efficacy and the interdependencies between this multifaceted arena and between the financial markets. The second theme around which the empirical analysis revolves is a comparative study of different regulatory regimes in various countries, including Russia, Japan, Malaysia, Korea, Sweden, Chile and many others. It is not possible to describe in detail the findings presented in the book and go into the intricacies of the analysis. Instead, to give an indication of the value of the book for the readership of this newsletter, I will present the following hypothetical question at the risk of being blunt: Why should an economic sociologist read such a book, which was obviously written from a political science perspective? I would argue that an economic sociologist who is interested in the relationships between the state and the corporate world should consider reading this book exactly because it does not offer an economic sociological analysis of these issues. The book can potentially contribute to the sociological conceptual vocabulary of economic sociology in two particular aspects. First, the analysis in the book indicates and stresses the irreducible aspects of the political process. Second, and more importantly for sociologists, the analysis provides an unapologetic argument for the inclusion of the concept of interests for understanding the politics of corporate governance. That is, without falling into the trap of declaring the agents infallibly objective, as some mainstream economists do, the authors deliver
a coherent and persuasive analytic report that does not dismiss each and every policy move as ideologically driven.

I conclude this short review with a recommendation for a piece of software. Again, this may seem a bit unusual for this format, but in many respects, this software incorporates and even performs several of the concepts discussed and analysed in the two previous pieces I recommended above. The software Deep Email Miner (http://deepemailminer.sourceforge.net/) visualizes collections of corporate emails as social networks and provides basic analytical tools. The program’s linked sample files are a compiled dataset of emails sent among the senior management of Enron Corporation. This data was originally made public by the American Federal Energy Regulatory Commission during its investigation of the company (http://www.cs.cmu.edu/~enron/). Hence, while the software’s technical abilities will be familiar to any social networks analysts, for economic sociologists in general and especially for those interested in corporate decision-making, the software, as well as the Enron files provided with it can help in generating and developing insights.


References


Economic Sociology Comes of Age

If a relatively new (sub-) discipline is able to produce an encyclopedia covering a vast range of topics and offering analyses and approaches that both are of high quality and hold great promises for future work, one can indeed say that it has come of age. The Encyclopedia that Jens Beckert and Milan Zafirovski have edited proves as much. Even though present day economic sociology draws on the earlier work of Weber, Parsons and others, this reviewer would characterize it as a new (sub-) discipline. Befitting an encyclopedia, it contains a large number of relatively short entries, each introducing the topics, discussing the key points & references from the perspective of economic sociology, and pointing out likely developments for the future. As such, this Encyclopedia will prove to be a major work of reference not just for those in the field or in adjoining fields, but for outsiders as well.

Writing entries ranging from ‘Accounting (sociology of)’ to one on ‘X-inefficiency’, Beckert and Zafirovski have gathered together scholars to contribute that may not all describe themselves primarily as economic sociologists. I find this inclusiveness to be an extremely important feature of the field and believe it to be an important reason for the field to be able to gain and sustain the momentum it now has and has had for some time. Not describing myself primarily as an economic sociologist, but finding myself increasingly drawn to the work of those who are central in the discussions, I have been intrigued by the developments in this field. Rather than having each argument draw extensively on the founding fathers, which can create a sense of cohesion but also exclude relative outsiders, the Encyclopedia focuses on substantive themes and has a distinctively empirical flavor to it. Economic sociology is able to increasingly make inroads even into the discussion of core economic themes such as that of the market. At the same time there have been a number of sub-disciplines within economics itself that have criticized mainstream, neoclassical economics for a long time. They could have made more of a dent than they in fact have. More principled and less pragmatic, these seem to have been involved more in critiquing the economic mainstream than in developing their own body of thought further. Even though there would appear to be quite a bit of common ground between them, some from these ‘heterodox’ economics groups would even fault economic sociologists for not taking note of their critiques, or of rather eclectically borrowing from the economic mainstream.

Contributing three entries to the Encyclopedia myself, I am reluctant to evaluate the entries themselves. There are, moreover, some 250 of them covering just south of 800 pages, written by over 160 scholars. Probably the only persons to read all these pages are the editors themselves. Overall, the Encyclopedia is certainly broad and interdisciplinary, even if it strongly emphasizes micro themes. The editors, in their 2-page introduction, claim that the Encyclopedia is ‘integrative’. It is not entirely clear what this means. One interpretation is that this is a clear answer to the question, “What is Economic Sociology?” This is not really the case, however. The editors do not offer much of a clue in their introduction. In a key entry that discusses ‘economic sociology’, written by Carlo Trigilia, no clear position is taken either. Some in the field are theory-driven and more mindful of disciplinary boundaries, while others focus on particular kinds of social action and (thus) trespass traditional boundaries between economics and sociology more easily. Structural approaches and phenomenological approaches (to the study of consumption, for instance) find a home within economic sociology. While this may cause tensions for the field, at least so far the tensions have proven to be fruitful.

A defining feature of economic sociology is the assertion that the economy or economic relations are embedded in society; that the economy is a sub-system of society. This view contrasts with economists who tend to portray the economy as separate from society. However, one may also analyze the economic system and find societal (‘impure’) elements necessarily included within it (cf. Dolfsma/McMaster/Finch 2005). If studying the economic sub-system and the way it is embedded into society will become an increasingly important effort in the field, this
would seem to suggest that systems theory might find its way back into the core of economic sociology. Smelser and Parsons’ functionalist perspective is not much en vogue at the moment, but theirs is not the only flavor around. In addition, it would seem that an emphasis not so much on the (sub-) systems themselves, but on the way in which they relate to each other and how actors perceive of and act upon the boundaries between them will become more prominent in the field.

Despite these issues, and possibly because of them, I have no reservation in suggesting that the International Encyclopedia of Economic Sociology is the most important reference for the field for the years to come. I would urge anybody with even a slight interest in the field to consult this work.

Endnote

1 Thanks to Oliver Kessler, University of Bielefeld, for comments on an earlier version.

Reference


Reviewer: Rene Almeling
University of California, Los Angeles
almeling@ucla.edu

“If donation simply involves individuals coming forward to give, in much the same way everywhere, why is it so much more common in some countries and regions than in others?” This is a seemingly simple question. But in answering it, Kieran Healy artfully brings together debates about commodification and the gift relationship to demonstrate the importance of cultural meanings and organizational contexts to producing altruism in blood and organ donation.

Healy begins by defining blood and organs as “human goods” and reframing the debate about donation as one less about individual motivations and more about the organizational logistics of procurement and distribution. The introduction includes a succinct overview of commodification of the body, from an illuminating analysis of bodily metaphors in Marx to contemporary bioethical debates about individual autonomy. Next, he theorizes the interplay between individual action and monetary incentives as operating within the context of donation programs that organize exchange in blood and organs as a gift relationship. In this way, Healy lays the foundation for demonstrating the importance of organizations, while also calling into question what are usually understood as clear demar- cations between commodities and gifts, market exchange and gift exchange.

Chapters Two and Three focus on organ donation while Chapters Four and Five focus on blood donation; each chapter is driven by comparison and employs different forms of data. In detailing the cultural work done by organizations to define organ donation as a gift, Healy builds an analogy with the changing cultural understandings of life insurance in the nineteenth century (Zelizer 1979). He analyzes donation program materials, personal memoirs, and newspaper reports to suggest that the success of gift rhetoric now makes it difficult to introduce monetary incentives for organs. Although the comparison with life insurance is instructive, it might have been more useful to compare the changing cultural meanings of organ donation with those of blood donation, especially given the elimination of for-profit blood collection in the United
States in the 1970s. What kind of cultural work did organizations engage in to recast blood as something to be donated and not sold?

In Chapter Three, Healy describes the regionalized system of organ procurement organizations in the United States, finding through a statistical comparison that the characteristics of the region’s population (density, race, poverty, and education) explain about a third of the variation in procurement rates, but adding in the features of the organizations themselves (resources, scope and policies) explains more than half the variance. Chapter Four relies on a similar logic, but involves a discussion of cross-national variation in blood donation. He draws on a European Union survey to compare the percentage of the population within a country who has given blood based on the type of collection organization (state, Red Cross, or independent blood banks), the presence of a volunteer donor group, and the possibility of selling one’s plasma. As with organs, Healy finds that different kinds of blood collection organizations shape the size and characteristics of the donor pool while also defining what kind of activity donation is.

Chapter Five offers a comparison of how voluntary blood banks and for-profit plasma companies in the United States responded to the emergence of HIV in the early 1980s, construing this episode as a natural experiment of Richard Titmuss’ (1971) argument that relying on altruism produces safer blood and is morally preferable to for-profit systems. Drawing on archives from a government investigation, Healy shows that collection agencies sought to protect the constituency on which they were most dependent, either suppliers or purchasers. He decouples the type of exchange from its effects by demonstrating that while plasma companies had less compunction about jettisoning paid providers, the blood banks’ dependence on unpaid donors, many of whom were gay men, lead it to resist excluding these devoted givers.

Healy concludes by discussing the broader implications of his findings about the organizational construction of the gift relationship, including questioning the degree to which gift rhetoric will be able to survive the increasing complexity and industrialization of blood and organ procurement and distribution. He offers four possible futures on a spectrum from pure market system to pure gift system, concluding that “the distribution of power and resources between suppliers, recipients, and procurement organizations will play a decisive role in determining the quality of the outcome. Exploitation will not be avoided – simply by making the exchange take one form or another” (130).

This book offers strong evidence for the argument that the altruism of individual donors is an organizational accomplishment. As such, it has clear policy implications, and Healy offers a few case studies in which tinkering with organizational policies served to increase the number of donors. But more research is needed to fill in this picture, especially qualitative studies of staff and donors, which would provide more evidence of precisely how it is that organizational staff members construct the meaning of donation in interaction with those who provide blood, organs and other human goods. In terms of social theory, this book is effective in challenging normative assumptions about the evils of the marketplace and the benefits of gift exchange. In doing so, it makes possible a whole new set of sociological questions about commodification and altruism, questions which are made all the more urgent by the increasing number of ways that bodies can be given and/or sold.

References


**Reviewer:** Jörg Rössel  
Universität Erfurt  
Joerg.Roessel@uni-erfurt.de

Is Any Economist Afraid of ‘Talking Prices’?

The functioning of markets and the formation of prices, traditionally core topics of economics, are increasingly becoming prime research matters of the economic sociology. In *Talking Prices*, Olav Velthuis tackles one of the most interesting examples: the market for contemporary art. This market has for a long time been treated as an anomaly by economists (pp. 97 - 98), because of the individuality and irreproducibility of works of art. Velthuis calls the two most important views of the art market the ‘hostile worlds’ and the ‘nothing but’ perspectives. The first approach is widespread among art critics, art historians and critical theorists and treats the economic market as a kind of corrupting force in the art world, degrading sacral artistic objects into plain commercial goods. The second perspective is now common among certain economists treating the selling and buying of art as “nothing but” an ordinary economic exchange, like any other. In contrast, Velthuis tries to show in his study of art dealers in Amsterdam and New York that in fact both perspectives are wrong and underestimate the complex interpenetration of economic and artistic logics on the market for contemporary art. Based on his own empirical research, relying on 18 in-depth interviews with gallery owners in Amsterdam and 19 such interviews in New York City, as well as on statistical analysis of a huge data set of selling prices for works of contemporary art in the Netherlands, he is able to show this complex intertwining in several ways. Relations between art dealers, collectors and artists are obviously not only structured according to an economic logic, but also by artistic and moral considerations (Chapter 2). This becomes even clearer in Velthuis’ analysis of the meaning of pricing and prices. Pricing on the art market follows rules and scripts that in several respects seem to contradict established ideas in economics (Chapter 5). Furthermore, prices on the market for contemporary art are embedded in intricate narrations and struggles for meaning (Chapter 6 and 7). This means that market prices are not only reflections of artistic value, but themselves play an important role in establishing artistic worth and moral valuations of art dealers, artists and their creations. The ‘hostile worlds’ as well as the ‘nothing but’ perspective are short-sighted in not taking these moral and artistic meanings of prices for contemporary art into account (pp. 183 - 184).

In his analysis Velthuis relies mainly on the cultural strand of economic sociology. Following Viviana Zelizer and Randall Collins he tries to establish different culturally embedded circuits in the market for contemporary art. Based on his research he is for example able to distinguish between the traditional circuit, selling established and traditional art to a wider audience and the avant-garde circuit with its more intellectual and innovative orientation (Chapter 1). Furthermore, Velthuis shows how art dealers erect symbolic and moral boundaries between the gallery circuit and the supposedly parasitic auction circuit, where artistic objects, according to the art dealers, are simply treated as economic goods without any consideration for the artist’s career.

Velthuis’ study is especially interesting in two respects: on the one hand he is able, based on his ethnographic research, to improve our descriptive understanding of markets where different logics prevail, and, on the other hand, the book is a very vivid and readable account of the art markets in two cities. The major shortcomings of the study become apparent when it comes to furthering our systematic theoretical knowledge about the functioning of markets and of price formation. Here, Velthuis concludes with the rather weak assertion that “an economic perspective does injustice to the complexities of the art market” (p. 185). It might be that his ethnographic account gives us a much more interesting and detailed description of the art market in comparison to hedonic price functions. But does it add any explanatory power? Velthuis’ statistical analysis of the determinants of selling prices in Dutch galleries puts this into question. Here, he is able to show that the characteristics of galleries, supposedly culturally embedded in different circuits, have more or less no effects on the prices of sold artworks (p. 109 - 110). He even concludes this analysis with a very bleak economic understanding of the art dealers’ role: “The role of the gallery seems to be limited to the matching of supply and demand on the art market…” (p. 110). One methodological problem of the study is of course the enormous gulf between the culturally embedded circuits established on the basis of ethnographic research and the operationalization of characteristics of galleries in the statistical analysis. From a methodological point of view it might have been better to classify
the 37 galleries based on the in-depth interviews into different culturally embedded circuits and to analyze the impact of this classification on the selling or list prices of the respective galleries, of course controlling for relevant other variables. In Velthuis’ ethnographic research, as it happens often in qualitative research, cultural values, beliefs and models on the one hand and actual behavior on the other hand become so intertwined that it is impossible to come to any conclusions regarding explanatory power.

Summarizing, Velthuis’ book Talking Prices is a very interesting and vivid ethnographic account of how the art market in two cities works, furthering our understanding of how different institutional logics intertwine in actual social reality. What remains to be shown is, that to take culturally embedded circuits into account in our systematic analysis of markets, adds anything to the explanatory power of established models in economics.
MIT Sloan’s economic sociology program

MIT Sloan’s Economic Sociology (ESP) is a new PhD concentration aimed at training scholars who conduct leading-edge research that applies sociological tools and concepts to gain a deeper understanding of organizations and the economy. The program reflects the confluence of two rising trends: (a) the increasing demand in business schools for faculty with sociological training; and (b) the rapid growth of economic sociology as a sub discipline of sociology. Each of these trends represents the growing recognition that the sociological conception of the economy sheds unique light on economic processes. And yet the increasing demand for economic sociology has not been met with a corresponding increase in supply. ESP is designed to help meet this gap.

Distinctive aspects of the program

ESP places heavy emphasis on research. While students gain experience in the classroom and graduates should be ready to teach in various programs (see below), the faculty believe that the primary goal of PhD training is to acquaint the students with the processes by which great social science research is conducted.

ESP’s substantive research focus is on general mechanisms of social organization. While we believe that all researchers must have a deep understanding of the specific contexts they study, the primary reason for studying a particular case (i.e., an organization or industry) is to use it as a “strategic research site” for understanding social mechanisms and processes that are present in various forms in many different contexts.

ESP is catholic with regard to method. We believe that qualitative research (i.e., fieldwork, case studies, ethnography); quantitative research (e.g., surveys, archival databases, social network analysis) and modelling (e.g., systems dynamics, game theory, agent-based models) are each quite useful depending on one’s research objective.

ESP is an integral part of the set of PhD concentrations that comprise the Behavioural and Policy Sciences (BPS) at MIT Sloan. These are: Organization Studies; Institute of Work and Employment Research; and Technology Innovation and Entrepreneurship. ESP overlaps with each of these in terms of: (a) the substantive focus of research; (b) the research methods employed; (c) the types of students that the programs attract; (d) as well as the faculty conducting PhD training. In addition, the substantive focus of research in ESP overlaps with the two other BPS areas: Strategic Management and Global Economics & Management. The interdisciplinary environment is also enriched by interchange with MIT departments such as Economics; Political Science; Anthropology; Science, Technology, and Society; and Urban Studies – all of which have faculty that are affiliated with ESP (see below).

ESP students

In evaluating applicants, the ESP Admissions Committee looks for evidence of: (a) a strong research orientation; (b) skills and experience relevant to economic sociology; and (c) an understanding of the social science research culture. The committee believes that there is a significant learning curve in adjusting to the research culture of sociology. While students who have training in other social sciences (especially, Political Science and Economics) have an easier time making this transition, the transition is often difficult for those whose background is primarily in the natural sciences or in the humanities. At the same time, students who have skills developed outside of social science and who are highly motivated to learn and contribute to economic sociology are encouraged to apply.

Program goals and timeline

The goal of ESP is to develop students who, by their fourth year of training, are capable of conducting research in economic sociology at the highest level. The primary output of this research will be academic articles aimed at top journals in sociology (e.g., American Sociological Review, American Journal of Sociology) and in organizations and management (e.g., Administrative Science Quarterly, Organization Science). Graduates of the program will then be prepared to compete for jobs at top, research-oriented
professional schools (i.e., business and public policy) and sociology departments.

Faculty

The co-directors of ESP are Roberto Fernandez and Ezra Zuckerman. More information on the program can be obtained by emailing Professor Zuckerman (ewzucker@mit.edu).

The other faculty members are: Pierre Azoulay, M. Diane Burton, Emilio Castilla, Diane Davis, Robert Gibbons, Rebecca Henderson, Katherine Kellogg, Richard Locke, Fiona Murray, Wanda Orlikowski, Paul Osterman, Michael Piore, Susan Silbey, John Van Maanen, Chris Wheat, Joanne Yates.
economic sociology_the European electronic newsletter
http://econsoc.mpifg.de | ISSN 1871-3351

editor
Nina Bandelj, University of California | nbandelj@uci.edu

editorial board
Patrik Aspers, Max Planck Institute for the Study of Societies, Cologne, and Stockholm University | aspers@mpifg.de
Jens Beckert, Max Planck Institute for the Study of Societies, Cologne | beckert@mpifg.de
Johan Heilbron, Centre de Sociologie Européenne, Paris | johan.heilbron@wxs.nl
Richard Swedberg, Cornell University, Ithaca | rs328@cornell.edu

aim of the newsletter
economic sociology_the European electronic newsletter provides information for scholars interested in economic sociology, with an emphasis on events and developments in Europe. The newsletter is driven by the idea of free access to information and open communication.

contributions
Please send contributions, suggestions and input to the editor.

publishing information
economic sociology_the European electronic newsletter is part of economic sociology_the European website, which is maintained by researchers and staff of the Max Planck Institute for the Study of Societies in Cologne. The newsletter is published three times a year as a PDF and an HTML document. The PDF can be downloaded free of charge. Back issues are available on the website.

subscription
You can receive economic sociology_the European electronic newsletter via email. Please subscribe at http://econsoc.mpifg.de -> Newsletter -> Subscription

editorial office
Max Planck Institute for the Study of Societies | Paulstr. 3 | 50676 Cologne | Germany

© by the authors