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Note from the editor

Dear reader,

It is my pleasure to offer you the first issue of the Newsletter under the new editorship. The team, which includes Brooke Harrington as book review editor, Sebastian Kohl as editorial assistant and Christina Glasmacher who puts it all together, will publish this and the next two issues.

We will keep the spirit of the Newsletter, and have a thematic structure of each issue. In the three issues, for which I serve as the editor of the Newsletter, it will focus on other disciplines than sociology. The first field to be covered is economic-anthropology. There is no doubt that much research is being done outside the field of economic sociology, but few of us can say that we know much of what goes on in other fields.

This issue includes a text that we have written together with an expert in the field, Asaf Darr. This text aims to introduce the field of economic anthropology. We have also an interview with the prominent economic anthropologist Keith Hart.

We are also happy to inform you that a new research centre for economic sociology has been launched at Essex University, headed by Mark Harvey. The website <http://econsoc.mpifg.de> continues to be a resource for anyone interested in a new position, conferences, teaching material, academic programs or related journals and websites.

Please continue to submit material that you think should be published in the Newsletter.

It is hard to take over after a good editor, and I wish to thank Nina Bandelj for what she has done for the Newsletter, and wish her the best for the future.

Sincerely Yours,

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An Economic Sociological Look at Economic Anthropology

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Introduction

This short article is an introduction and an overview of the field of economic anthropology from a sociological perspective. In the following issues of the Newsletter we will focus on other disciplines that also study the economy. After all, the economy has been the focus of attention of several disciplines, and we believe that there are many opportunities for cross-fertilization among disciplines. Given the vast amount of scholarly writings about economy and society, our goal is modest: to introduce the foundation of economic anthropology, to highlight some of the main debates within this field and to sketch out a few fruitful encounters between economic sociology and anthropology.

The sociological system of meaning will guide our interpretation of economic anthropology. This means that we, as observers, may to some extent impose coherence, where the “natives” may in fact see tensions. Moreover, our work is nothing but a preface to a larger undertaking. The text is written for an audience with little or no previous exposure to anthropological thinking, and it starts with a short introduction of what anthropology is.

Anthropology and Economic Anthropology

Anthropology can be defined as the study of human beings, in the widest sense. What is called “anthropology” is sometimes also called social anthropology (Great Britain), cultural anthropology (US), or ethnology (Germany); the notion is broad enough to include a natural science perspective on the evolution of humankind as well as archaeology (e.g. physical anthropology in the US). Among an-

thropologists, as among sociologists, one can identify those who stress social structures or social institutions.² Other anthropological streams focus on cultural forms, and stress the symbolic expression and interpretation of cultures. The two notions of “social” and “cultural” anthropology, to some extent, reflect the distinction between the structural and interpretive emphasis.

Anthropology emerged as a study of what was called primitive societies, in contrast to economics and sociology, whose emergence directly corresponds with the development of modern societies. For an outside observer, anthropology is also characterized by its distinct research methods. Thus, the long-term fieldwork, including direct observation, participant observation, and learning the language of those studied, has become a defining feature of the discipline. Theoretical questions and research methods often inform one another, so it should come as little surprise that anthropologists have a great interest in what people do, and not just in what they say.

Economic anthropology is a sub-field of anthropology, but what is its distinct nature? One way of addressing this question is by identifying the disciplines’ core set of theoretical questions. A central question, not only in economic anthropology, but also in economic sociology, is defining what the economy is. Sociology, with its heritage of modernity and differentiation of spheres of life (Weber 1946), sees the economy as a rather autonomous part of a larger whole, and consequently speaks of economic actions (Weber 1978), embedded in social processes and institutions (Granovetter 1985). In economic anthropology, this embeddedness can be regarded as the analytical starting point. Thus, the object of study could in the broadest sense be defined as economic life, i.e., all activities through which people produce, circulate and consume things (Carrier 2005). More concretely, the field typically deals with topics such as human nature, methodological questions, different forms of circulation (commodities, barter, gifts), consumption, money, and the constitution of cultural values, to present a few examples.

The Emergence of Modern Economic Anthropology

The field of economic anthropology was formed in part through a fruitful dialogue with other fields, which also focused on the economy, above all, economics. This influence is apparent in the work of Malinowski, the founding father of modern economic anthropology, and perhaps also of anthropology in general. His (Malinowski 1922) classical study, in what today is Papua New Guinea, is essential to anyone who wants to understand the economy in traditional societies. Malinowski refers to concepts and terms developed within the field of economics, such as the market. He shows how the conditions of life and economic transactions are intertwined, and cannot be analyzed separately. His work is also important because it deals with basic categories such as property, time and social relations, which are also central to sociology, and more specifically for the understanding of a "primitive economy". Malinowski has also deeply influenced the methodological association between anthropology and fieldwork.

Marcel Mauss (2002) is another founding father of economic anthropology, with his influential study of gifts which he originally published in 1925, though it relies on secondary data and not on field work. Mauss juxtaposed gift and commodity exchange, and created an implicit association between capitalist societies and the commodity form, and between pre-industrial societies and the gift form (see Bird-David [1997] for a review). Mauss also demonstrated how gifting produces and reproduces social relations and statuses among donors and recipients.

The second stage in the development of economic anthropology dates from about the end of World War II to the mid seventies. This period is characterized by a methodological debate between a historically and empirically oriented school, represented here by the works of Polanyi (1957a; 1957b) and Dalton (cf. 1969), and a more formal and abstract anthropology, represented here by the work of Herskovits (1965). This is a debate between substantivists, who argue that economic anthropology should study how people survive and relate to their particular environment, and formalists, who argue that at least a "soft" version of economic modelling is applicable also to the pre-modern societies. The tension is often noticeable in the way formalists argue that findings have general application, an idea not accepted by most substantivists. A lack of constructive exchange between the two camps might

explain the duration of the intellectual conflict between them and its meagre outcome.

The debate between substantivists and formalists should be seen in relation to the process of modernization around the globe. Global modernization meant that anthropologists had to re-examine their theoretical tools. Anthropology had been initiated within the colonial systems and sometimes seen as serving its interests. Yet, anthropology was once again called upon to understand the tremendous ruptures within the developing countries in the post colonial era. The search for theoretical explanations of the ongoing process of modernization was also the reason for going beyond the single-case-character of earlier ethnographic research.

Many anthropological studies addressed the transition from a traditional form of society to a more modern one (Dalton 1969:64). Some of the studies have been done with a policy orientation (Wilk and Cligget 2007:15). Economic anthropologists during this phase directed their attention to the investigation of developing economies and their relation to the developed world, which later became a central idea in analyses of global relations.

When the international dependencies between people and countries began to be more obvious approaches, theories like the Marxist influenced world-system-theory (Wallerstein 1974) were developed in response. In the seventies a few French Marxists discovered the anthropological field (Godelier 1973; Meillassoux 1972), and they pointed out that one can view pre-modern societies and the relations of production and their development through the theory outlined by Marx.

Since the mid 1980s, anthropologists have begun to study their own societies. The thematic focus of more recent anthropological research, not unlike that of sociology, is contemporary Western society and its various institutions, and cultural landscape. Many anthropologists in the past few decades have highlighted globalization, and methodologically, this has meant that we have seen more multi-sited research (Marcus 1995).

Gudeman's (2001) economic-anthropological model describes the global economy in terms of two coexisting spheres, one is called "community" and is characterized by shared values and close social relationships and the other is the abstract and far-distant market sphere which is dominated by formal calculations. Thus, this approach does not

only transcend the dualism between substantivism and formalism, but is also applicable to virtually all societies, describable by the specific constellation of the two spheres. Another example of a modern approach in the field is Miller's materiality concept (Miller 1987), by which he examines the way in which artefacts are embedded in specific cultural contexts. There are also examples of studies of contemporary phenomena which have been conducted by anthropologists, such as Brian Moeran's (1996) study of Japanese advertising agencies or Keith Hart's (2000) study of money.

Main Theoretical Debates within Economic Anthropology

Central to the development of economic-anthropological theory was the above mentioned dispute between the formalists and the substantivists. The leading figure within the substantivist camp is Karl Polanyi, a "Hungarian lawyer turned journalist and economic historian" (Isaac 2005:14), who nevertheless became central in economic anthropology. Polanyi (1957b) reminds us of the two meanings of the economy that should be distinguished: substantivists see the economy as a tangible reality, in which man depends on nature and on his fellow men to survive, so that there is an interchange between the members of society. Contrarily, the formalists perceive the economy through the lens of an abstract model of reality, in which man appears as homo economicus using the calculative logic of means and ends to make rational choices. While the substantivist definition implies concrete empirical research leading to holistic systems of essentially interpretative explanations, the formalist's starting point is the universal assumption of individual economizing due to a scarcity of means and the subsequent analysis of objective data.

Economic anthropology was also affected by two important currents in the social sciences, the "cultural turn" represented by Clifford Geertz and the "practice turn" by Pierre Bourdieu, though the latter, because of his later works, is often seen as a sociologist. In the 1960s Geertz began to develop his symbolic-interpretative approach. At its centre stands the articulation of culture as a system of meaning, i.e. the sum of collective experiences that constitute meaning. While common-sense-knowledge and meanings provide orientation in rituals or daily interactions, science or religion serve as second-order-constructs that interpret actors' common-sense knowledge. This is the way Geertz also conceived his role as an anthropologist, for

example, during his study-periods in Indonesia (Geertz 1963). Later, Geertz's well known study of the Bazaar economy in Morocco made an important contribution in providing a thick description of a market deeply embedded in cultural and social institutions and processes (Geertz 1978; 1979). In his work Geertz is able to develop a fruitful dialogue with the economics of information in analysing the types of uncertainties and information asymmetries that plague the Bazaar. He points to different mechanisms such as bargaining with its unique rules as well as clientelisation, which are specifically designed to overcome local market uncertainty.

Pierre Bourdieu started out as an anthropologist doing field work in Algeria under French rule, where he began developing his theory of practice and its corresponding ethnographic methods (Bourdieu 1990). With the experience and insight from Algeria, Bourdieu later analysed French society (Bourdieu 1982). Bourdieu views socially constituted fields through the lens of different kinds of capital (for example cultural capital). He provides a concept that can describe both pre-capitalistic and modern societies, which mainly differ in the structure of capitals and their degree of centralisation. In his paradigmatic statement on economic anthropology (Bourdieu 2000), he replaces both the economists' and the "interactionists'" view on the economy with his notion of a field, shaped by actors' behavior, symbolic constructions, and social institutions. Bourdieu borrowed the concept of capital from the economists (Boyer 2003), though he extended the notion to also include other dimensions, such as cultural and aesthetic capital. By discussing "the economy" in a broader way Bourdieu was, for example, able to describe the inverted economy of art, in which it is virtuous to be poor. That is, in some "economies", like the economy of art, one can only be deemed successful if one lacks economic capital but possesses a high degree of symbolic capital (Bourdieu 1993; Bourdieu 1996).

Fruitful encounters between Economic Anthropology and Sociology

What can economic sociology learn from its sister sub-discipline of anthropology? The simple answer is of course "a lot", and this is evident as soon as one is confronted with the economic anthropological literature. In addition to what has been mentioned, we would like to mention six areas where economic sociologists can benefit from an intellectual encounter with economic anthropology: Infor-

mation asymmetries, uncertainty, trust, the concept of economic actors, economies and markets without a state and modes of circulation within advanced industrial societies and markets.

The structural conception of uncertainty was introduced to the field of sociology from the discipline of economics, in an attempt to apply the theory of market exchange to the study of hierarchical structures and their respective environments (Simon 1957). Uncertainty is commonly presented in organization studies as a given structural element of the environment that organizations should try to reduce by devising an array of strategies. Within the "resource dependence" school, such strategies include "buffering" and "bridging" (Pfeffer and Salancik 1978). Another common strategy for organizations facing uncertainty is to place the exchange process within a hierarchy, rather than within markets (Williamson 1985). While the concept of uncertainty is central to organization studies and economic sociology, its theoretical foundations remain underdeveloped (Milliken 1987). A possible remedy is the literature within economic anthropology. In fact, there has been a long tradition in economic anthropology of craft market studies in pre-industrial and more recently in advanced societies (Epstein 1962; Firth 1939; Geertz 1978). According to some of this literature, sellers in craft markets possess intimate knowledge of a product's quality, origin and production costs that they are reluctant to share with buyers. This asymmetry in knowledge distribution, to use the terminology of the economics of information, leads buyers to try to overcome product uncertainty by engaging in an intensive search for detailed information about the specific product being exchanged. There are indications of a cross fertilization between economics of information and economic anthropology (see for example Akerlof's paper [1970] on *The Market for Lemons* and Geertz's [1978] paper on *The Bazaar Economy*). The detailed descriptions of local market mechanisms designed to reduce market uncertainty have influenced some sociologists, specifically those writing about markets and trust (see Gambetta [1993] on the Sicilian horse market and Zucker (1986) about the institutionalization of trust. The literature about market uncertainty and inter-organizational relations (Podolny 1994), and Uzzi's (1997) distinction between arm's length and embedded social ties grew out of a dialogue with transaction-cost economics and economics of information, but also with specific reference to economic anthropology. Similarly, Smith's book about *Auctions* (1990) is another example of a fruitful encounter between eco-

omic sociologists and anthropologists around the issues of uncertainty and trust.

Sociologists have taken up Bourdieu's structural ideas, but perhaps paid less attention to what he has to say about agency, action and people, which are classical anthropological aspects. We claim that his discussion of time and economic habitus can contribute to the development of a more comprehensive depiction of economic action. We should remember that anthropological theory of "action" is rooted in a more all-encompassing view of human beings. Sociology and economics have to different degrees, though in both cases essentially apriori, excluded the important dimension of action, such as time and practical reasoning. Bourdieu is more than able to express this idea:

Homo economicus, as conceived (tacitly or explicitly) by economic orthodoxy, is a kind of anthropological monster: this theoretically minded man of practice is the most extreme personification of the scholastic fallacy [...] by which the scholar puts into the heads of the agents he is studying [...] the theoretical considerations and constructions he has had to develop to account for their practices (Bourdieu 2005:83).

It is also possible to learn from studies of societies without a state conducted within economic anthropology. These studies can, for example, inform us about informal economies, and essential institutions and conditions other than those created by the state. Sociology has always been related to the state, and in some countries, like the Nordic welfare countries, the origin of the discipline is intimately linked to the policy questions emerging from the constructing of the welfare state. Anthropology has studied social life coordinated without states. This is not only interesting from an empirical point of view, but is also theoretically interesting. More concretely, how important is the state for the economy, and the existence of markets? To rethink the premises, as one has to do in this case, is refreshing, and potentially useful for the development of our understanding of the economy.

Finally, in a more recent wave of studies economic anthropologists have come to question the implicit associations between capitalist societies and the commodity form, and between pre-industrial societies and the gift form, an association so central to Marcel Mauss' classical work *The Gift*. Here, we would like to point to James Carrier (1995) who offers a critical examination of this association. He claims that the association between capitalist societies and the commodity form has an ideological aspect by which it

naturalizes and essentializes the notion of a market in advanced economies, rather than expose the political nature and social embeddedness of these markets. More recent studies focus on different modes of circulation such as commodity, barter and gifts exchange, which exists in the midst of advanced economies (see Humphrey and Hugh-Jones, 1992), and even point to transitions among these categories in the course of economic transactions. For example, scholars have described how on top of formal economic explanations, gifting networks can partly explain China's steady economic growth since the late 1970s (Smart 1998: 559-560). The focus is on the construction and maintenance of personal networks (*guanxi*) in China (Kipnis 1997; Yan 1996) and among Chinese expatriates and local entrepreneurs (Smart 1998), which lubricate the huge investment of Hong Kong and other Chinese entrepreneurs in their homeland. Gift exchange in the midst of advanced economies appears even in surprising contexts such as the circulation of open source software (Bergquist and Ljungberg 2001).

Herrmann (1997), in her analysis of garage sales in the US, demonstrates how forms of circulation can fluctuate between gift and commodity, depending on the specific social context and social relationships between the sellers and the buyers. Garage sale transactions are constructed by the sellers and buyers as market exchange, although they are often gift-like, and sometimes involve personal items priced extremely low or even given out for free.

The growing literature on forms of circulation in advanced economies could benefit economic sociologists in their attempts to move away, as Callon (1998) suggests, from the study of the *market* to the study of the *marketplace*. The former relates to a body of theoretical knowledge and practice and depicts an abstract entity in which "supply and demand confront each other and adjust themselves in search of a compromise" (Callon 1998: 1). The latter relates to the practical activity of social agents at the location in which sales interactions unfold. We believe that the marketplace in advanced economies deserves more attention from economic sociologists. More generally, and in the light of past and ongoing discussions among economic anthropologists, it is clear that anthropologists have a strong awareness about the distinction between markets that have emerged historically, and the more recently created markets, which is a topic in the discussion on performativity. Thus, a closer collaboration between sociologists and anthropologists on the central institution of markets would most likely be of great benefit to all.

Sociological Reflections on Anthropology

This brief, and by necessity, incomplete survey nonetheless suggests a few things about the relationship between economic anthropology and economic sociology. It is already clear that in the overlap between Science and Technology Studies and Social Studies of Finance, one finds anthropologists and sociologists cooperating (e.g., MacKenzie, Muniesa and Siu 2007). But as Karin Knorr Cetina pointed out in the last issue of the *Newsletter* (Vol 8, Number 3), sociology of finance has been living somewhat a different life than economic sociology (cf. MacKenzie 2006). One reason why economic sociology and economic anthropology have so far not been closer may be methodological; anthropology is ethnographic, whereas economic sociology is more diversified.

Anthropology, with its accumulated evidence of variation of forms of social life of societies across time and space finds it hard to produce a general statement, either inductively or deductively (Carrier 2005:3). There is a risk that the anthropologists will drown in a sea of empirical evidence. Consequently, some anthropologists, like Radcliffe Brown, have made the argument that the discipline should progress to comparative analysis aiming at finding statements that are more general. Thus the central question of "distance" in theorizing, i.e., at what level one should develop a theory, is acute, and the problem is that if the theory is too grounded it is no longer a theory but merely a thick description. We think that anthropology can learn from the way the theory-evidence relation is handled in sociology; for example by developing middle range theories.

Moreover, contemporary anthropology, including economic anthropology is regarded by some as an endangered science (Kumoll 2005), because of three fundamental problems. To understand cultures and people "from the native's point of view" (Malinowski 1922) always involves a culturally-biased observer, whose subjective recordings sometimes tell more about the socio-cultural background of the researcher than about the subject being studied. A second problem revolves around the science's moral responsibility, and anthropology has in the past been accused of making statements in support of dubious colonial and post-colonial systems. The third problem comes from the science's changing object itself, which used to be a culturally and ethnically well-defined group bound to a specific world of meaning and geographical location. In

the course of an increasing number of cross-boundary interactions and dependencies, the idea of anthropology in terms of what “the field” is has to be revised.

There is, in sum, no doubt that modern economic sociology and modern economic anthropology have many things in common. Qualitatively oriented sociologists in particular will find it easy to access the anthropological literature. But one should not underestimate the differences between the two disciplines. Anthropologists often take a broader look at social agents, and locate their actions within a broader context. The same is true of their view of the economy. Nevertheless, we believe that while the engagement with economic anthropology has already proved fruitful, it could and should be increased to the benefit of the two disciplines.

Suggested readings

For those interested in broadening their acquaintance with major works within the field of economic anthropology we suggest the following classical texts. First of all we mention Malinowski, either his book *Argonauts of the Western Pacific. An Account of Native Enterprise and Adventure in the Archipelagoes of Melanesian New Guinea* (Malinowski 1922), or for the less patient reader, the two shorter pieces (Malinowski 1920; 1921). Polanyi (e.g., 1957b) could of course be included, though he was an economic historian, and he is normally known by sociologists. The book on the gift by Mauss also constitutes an important basic reading. Then we suggest the review article by George Dalton (1969), especially since it includes comments from 23 anthropologists and gives the reader a very good insight into how anthropologists think and reason. Finally, we recommend the recently published *Handbook of Economic Anthropology*, edited by James Carrier (2005), which gives the reader a good overview, though the texts are shorter compared to the economic sociology handbook of Smelser and Swedberg. The textbook by Wilk and Cliggett (2007) can be used in classes, it also provides a good introduction, and it has an appendix with many sources in economic anthropology.

Key people

Malinowski, Bronislaw (1884-1942)

Mauss, Marcel (1872-1950)

Polanyi, Karl (1886-1964)

Firth, Raymond (1901-2002)

Geertz, Clifford (1926-2006)

Hart, Keith (1943*)

Plattner, Stuart (1939*)

Bourdieu, Pierre (1930-2002)

Web Pages, Organizations and Journals

Association for Economic Anthropology:

<http://sea.org.ohio-state.edu/>

Socio-Anthropologie

(<http://socio-anthropologie.revues.org/>)

Endnotes

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² Interestingly, some see modern network theory in sociology, as partly emerging out of classical anthropology. **Azarian, Reza. 2003.** *The General Sociology of Harrison White*. Stockholm: Department of Sociology, Stockholm University.

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Keith Hart Answers Eleven Questions about Economic Anthropology

This is how Keith Hart describes himself in brief:

I was born in Manchester, England in 1943. I now live in Paris and teach anthropology part-time in London. I studied classics at Cambridge University before changing to social anthropology. My doctoral research was in a slum of Ghana's capital, Accra, as a result of which I coined the idea of the Informal Economy. First identified with the Third World urban poor, this has now become a universal concept in the social sciences. I jointly wrote the development programme for Papua New Guinea's independence. I have taught in a dozen universities around the world, for the longest time at Cambridge, where I was Director of the African Studies Centre. In the last decade I have investigated how money and exchange are evolving in response to the digital revolution in communications and to the formation of world society. I have worked as a journalist, development consultant, publisher and professional gambler; and I maintain an active Web presence at www.thememorybank.co.uk.

1. Professor Hart, could you please begin by telling me a bit about what you are currently working on?

In the last couple of years I have written several articles on money from different points of view. Four essays in press are *On Money and Anthropology: Towards a New Object, Theory and Method*, *The Persuasive Power of Money*, *Money is Always Personal and Impersonal*, and *Money in the Making of World Society* (the last being the title of my inaugural lecture at Goldsmiths this coming October). I have also given keynote lectures at conferences and written several articles on the *Informal Economy*, a concept I contributed to development studies.

I have recently published a review essay on Marcel Mauss; and with Alain Caillé I plan to organize in 2009 a major conference on his relevance today. With Jean-Louis Laville and Marguerite Mendell, I am preparing a version of the *Dictionnaire de l'autre économie* (Gallimard, 2006) for publication in English. Chris Hann and I are editing *Market and Society: The Great Transformation today*, a collection

of essays focusing on Polanyi's relevance to economic anthropology in the neo-liberal crisis. Chris and I are writing a text book together: *Economic Anthropology: a Short History*. I will be giving the keynote lecture: *The Human Economy*, at a London conference in January 2008. *Rethinking Economies: a Human-Centred Approach* is the culmination of a workshop series I have helped to organize.

I am preparing a book that summarizes a lifetime's engagement with African development, *The African Revolution: Africa in the 21st Century World*. I have just been appointed an Honorary Research Professor at the University of Kwazulu-Natal, Durban and expect to be actively involved in research there and in India with my partner, the economist, Vishnu Padayachee. I have also agreed to join a proposed anthropological study of unions in Brazil and Argentina.

In September 2007, I gave a public lecture on my thoughts concerning the future of anthropology, *Toward a New Human Universal: Rethinking Anthropology for the 21st Century*. More generally, my website is an experiment in online publishing linked to the development of a more publicly accessible anthropology.

2. You are trained as an anthropologist, but how come that you entered this field?

I always intended to be an academic; it was just a question of which kind. I was a student of classics at Cambridge in the early 60s, which I loved; but the job prospects seemed limited at a time when the social sciences were booming. I thought of sociology, but at that time it was part of the economics syllabus and, curiously given my later interests, I was put off by the association. I had a rowing coach, a geographer, who studied desert erosion in the Mediterranean basin and this allowed him to spend the winters in warmer places. I thought that social anthropology was a sort of sociology with travel possibilities and found that attractive. When I switched to that department, my professors worked in Ghana and I imagined I would be more

likely to be funded if I went there. I could concoct a more laudable explanation in retrospect, but my eyes were fixed on the prize of an academic career. Of course, if I had known then what I know now about the universities, my priorities might have been different.

3. In your own work, the issue of money is central. This is also a field in economic sociology. Still, it is not at least my impression that anthropologists and sociologists cooperate on this important topic. Why is that?

It is hard for anthropologists and sociologists to cooperate in anything, since their respective guilds overlap considerably and this puts them in competition. I have found it easy and profitable to collaborate with economists and engineers. The sociologist, Nigel Dodd at LSE has always given my work on money a fair hearing and I respect his. Geoffrey Ingham, on the other hand, promotes a state theory of money that is diametrically opposed to mine. I have indicated above that my main collaborators in Paris, Laville and Caillé, are economic sociologists. In France, the lines between disciplines are often fuzzier than in the Anglophone world. Thus Bruno-Théret and Jean-Michel Servet are both close colleagues whose work on money straddles political economy, sociology and anthropology.

In the book on Polanyi, Chris Hann and I commissioned chapters by Jens Beckert and Philippe Steiner, with both of whom I share an agenda for the development of cooperation across disciplinary boundaries in building up a viable alternative to mainstream economics. Someone like Viviana Zelizer is read and frequently invited to speak by anthropologists. There is considerable overlap between her intellectual agenda in *The Social Meaning of Money* (1994) and Parry and Bloch's collection, *Money and the Morality of Exchange* (1989). I find that anthropologists and sociologists frequently emphasize the same personal and social aspects of money, leaving the more abstract and impersonal realms of economy to the economists. This is a common failing; but it is not grounds for an active division of labour between them. I should say that I have taught sociology and have been hired as an economist, so demarcation disputes within the social sciences don't mean a lot to me.

4. Though the following quote from your homepage is taken out of context, I see many similarities to sociology: "Economic anthropology should aim to show that the numbers on people's financial statements, bills, receipts, and transaction records constitute a way of summarizing their relations with society at a given time". Could you clarify what you mean by this?

(<http://www.thememorybank.co.uk/2007/07/15/127/>).

In general my approach aims to go beyond the 20th century dualism of structure and agency. That is why I emphasise money's ability to span the universal and the particular, abstract and concrete, collective and individual. Although I do not develop the argument in the piece you refer to, I hope to emulate Kant in developing a cosmopolitan anthropology *from a pragmatic point of view*. I understand by this the search for what we need to know about humanity as a whole if we want to build a world fit for everyone. But, beyond that, to make what we discover available to people in a form that they can use for practical purposes.

The method I advocate is summarized in a trio of sentences. The one above is followed by: "The next step is to show where these numbers come from and how they might be manipulated in the actor's interest. Then it will become more obvious how and why ruling institutions need to be reformed for all our sakes." In a highly compressed way, I am outlining a programme for economic anthropology as a kind of political education and perhaps also as a sociology in Durkheim's sense of making our connections to society more visible.

The issue is how money might be approached in a less alienated way. This includes not just the money fetish, but a number fetish also (here I draw explicitly on Spengler). There is an obvious parallel with Marx's argument in *Capital* I ch.1, except that I remove the illusion that the commodities relate only to each other and keep the *magic* of seeing goods and prices as personalized powers, except that these powers are social as well as personal, (a position I take from Mauss).

I am glad that you picked on this sentence, since in many ways it is the crux of the essay. In order to have a conversation about it, a lot more needs to be unpacked on both sides.

5. What do you see as the main findings of economic anthropology that should be known also to outsiders?

Among the abiding questions at the intersection of economics and anthropology are the following: Is the economists' aspiration to place human affairs on a rational footing an agenda worthy of anthropologists' participation or just a bad dream? Since economics is a product of western civilization – and of the English-speaking peoples in particular – is any claim to universality bound to be ethnocentric? If capitalism is an economic configuration of recent origin, could markets and money be said to be human universals? Can markets be made more effectively democratic, with the unequal voting power of big money somehow neutralised? Can private and public interests be reconciled in economic organization or will the individualism of *homo economicus* inevitably prevail? Should the economy be isolated as an object of study or is it better to stress how economic relations are embedded in society and culture generally? None of these questions is exclusive to economic anthropology.

Chris Hann and I approach economic anthropology through three historical periods. The first covers from the 1870s to the 1940s, when economics and anthropology emerged as modern academic disciplines. A bureaucratic revolution concentrated power in strong states and corporate monopolies, yet economics reinvented itself as the study of individual decision-making in competitive markets. Later, when a rapidly urbanizing world was consumed by economic disaster and war, anthropologists published ethnographies of remote peoples conceived of as being outside modern history. Neither branch of study had much of a public role.

The period since the Second World War saw a massive expansion of the universities and the rise of economics to the public prominence it enjoys today. An academic publishing boom allowed anthropologists to address mainly just themselves and their students. Economic anthropology sustained a lively debate between formalists, substantivists and Marxists from the 1950s to the 1970s, when the welfare state consensus was at its peak and European empires were dismantled.

The sub-discipline has been less visible since the 1980s, the era of *neo-liberal globalization* in world economy. A lot has been produced on exchange, money, consumption and privatization, but, as with much else in contemporary anthropology, the results are fragmented. Economic anthro-

pologists have generated a critical commentary on capitalist civilization at a time when the market economy became truly global. There has been greater theoretical self-awareness, even a degree of openness to the history of economic ideas; but anthropologists have so far avoided making a direct challenge to the economists on their home territory of national and global economic analysis.

At the same time, although most anthropologists still rely on fieldwork as their distinctive method, the ethnographic model of research has come under considerable pressure as a result of theoretical developments sometimes labelled *post-modernism*. This has led to new approaches to the economy using experimental methods; but these efforts have generally stopped short of offering an anthropological perspective on our moment in world history.

This is a pity, since the end of the Cold War, the birth of the internet and the globalization of money markets cry out for comprehensive historical treatment. The result, however, is that economic anthropologists now study the innermost workings of capitalism at its core and in its global spread; the privatization of what were recently communist economies (*post-socialist transition*); and the plight of poor people in non-western countries, as defined by international bureaucracy (*development*).

6. If you were to recommend one text, besides your own, to a non-anthropologist, who would like to get into economic anthropology, what would that be? [please motivate your choice!]

The obvious one would be *The Gift*, but it is quite allusive and you need a lot of background to make sense of it. Mauss's intellectual programme here is taken from Durkheim's *The Division of Labour in Society*, especially the chapter on the *non-contractual element in the contract*, but this too is rather hard going. To my mind, the most revolutionary book written by any of the founders of modern social theory is *The Elementary Forms of Religious Life*. Money is the God of capitalism and economics is its false religion. But then this might not take my hypothetical reader directly into economic anthropology. Weber's *General Economic History* is a wonderful introduction and the last chapter again makes the link between economy and religion. But one book never fails to enthuse readers and it opens up the sort of economic anthropology, history and

sociology that interests me: Karl Polanyi's *The Great Transformation*. I said I was once a classicist and this way of answering your question should make it clear why I prefer to enter a discipline through its formative texts. I share an intellectual heritage with most sociologists.

7. You have worked also on normative issues. Students are normally told that they should separate what one ought to from what is. Most social scientists accept this, but what I am interested in is if, and if so, how, normative work can further "traditional" scientific work?

Max Weber should be turning in his grave, if you talk like this. The issue is the relationship between politics and science (or the intellectual life more generally). Weber's two great essays on *Politics as a Vocation* and *Science as a Vocation* show that the line between the two is hard to draw firmly and perhaps one should not try. Politics, he says, is the pursuit of power and its means is passion. But a politician who is indifferent to reason will soon lose his credibility. Equally science is the pursuit of knowledge by means of reason. But all the best scientists are passionate about their work. Weber's work is incomprehensible except as an attempt to find ways of combining science and politics. This may involve compartmentalising each activity to a degree, but they feed into each other over time.

All the great thinkers I have learned most from drew inspiration from a desire to make a better world. Most of these changed the world through what they wrote more than by their political achievements (Locke and Marx, for example), but their intellectual work was still inspired by their political engagement. I have spent most of my adult life in the field of *development*. Whatever scientific aspirations one might have in this field, the only way forward is to identify the possible in the actual (Rousseau, Hegel).

The kind of science you identify as *traditional* is a pastiche of real science, backward-looking and conservative, more worthy of the label *ideology*. If *social scientists* had paid any attention to real science in the twentieth century, they would have been directly influenced by scientific modernism (relativity, quantum mechanics) or by the non-linear anti-reductionist sciences of complexity. But on the whole they have not. Economics is still fixed in a seventeenth-century epistemology. The only twentieth-century social thinker of any significance who was open to contemporary

scientific ideas and methods was Keynes. And he was not much bothered to distinguish between politics and science.

8. Economic anthropology, much like economic sociology, has related itself to economics. Do you think anything is gained by this? [or not]

Economic anthropology is the product of a juxtaposition of two academic disciplines in the twentieth century. It would be wrong to speak of the relationship between economics and anthropology as a dialogue. From the beginning, economists in the neoclassical tradition have rarely expressed any interest in anthropology and none at all during the last half-century, when their discipline has become the dominant ideological and practical arm of global capitalism. Anthropologists, on the other hand, when they have been concerned with *the economy*, have usually felt obliged to address the perspective of mainstream economists, sometimes applying their ideas and methods to exotic societies, more often being critical of the discipline's claim to be universally valid. Since anthropologists in this period based their intellectual authority on the fieldwork method, discourse in economic anthropology has generally been preoccupied with the interpretation of economic ideas in the light of ethnographic findings. But civilisation is often thought of as an economy these days; and some anthropologists, drawing on a variety of theories and methods, have offered alternative visions of the economy's past, present and future.

When I completed my doctorate, I joined a group consisting mainly of development economists. This required me to talk to them. Our exchanges would go something like this:

Economist: Is the marginal productivity of agricultural labour zero in Northern Ghana?

KH: What does that mean?

E: I am thinking of Lewis's dualistic theory of labour migration between traditional and modern sectors. It is assumed that people could leave the former without reducing total output there.

K: Does it make any difference what income they get from working in agriculture?

E: What do you mean?

K: Well, most of the farm work is done by young men, but their elders control the distribution of the product. So, if they leave to work in the towns, whatever they get there is their own and more than what they have at home.

E: What do you call that kind of organization?

K: Lineages or unilineal descent groups. A French Marxist, Pierre-Philippe Rey has written about the lineage mode of production in West Africa.

E: And you say economists like jargon too much! There is a new version of the Lewis model by Harris and Todaro that hinges on rural-urban income expectations.

K: Maybe we should collaborate on an article, The lineage mode of distribution: a reflection on the Lewis model...

In this and other ways, I learned that I could make a satisfactory academic living by acting as a broker from anthropology to economics and back again. But I wanted to change both disciplines. I realised that I would have to learn to communicate in the economists' language, since they were professionally dominant in the field of development. So for three years I worked part-time as a journalist for *The Economist*, producing reports of West Africa. Through this work, I learned *economese* – how to sound like an economist without any formal training in the discipline. This served me well, when I launched the concept of the informal economy. My original paper had two parts: the first was a vividly written ethnographic account of life in an Accra slum (I have been there and you haven't); the second drew on my conversations with economist colleagues to present my argument in terms they could understand.

I had a close friend at this time, the economist John Bryden. We later joined together to collaborate on *A New Approach to Rural Development in Europe* (2004). My current research partner in South Africa is the economist, Vishnu Padayachee with whom I have worked on Indian businessmen and relations between India and South Africa more generally. So I continue to derive great benefit from these conversations.

I also note with some enthusiasm the development of a critical alternative to mainstream economics within the discipline, *post-autistic economics*. I am hopeful that an interdisciplinary conversation could be opening up after the sterile interlude of the twentieth century. Even if it

doesn't, I intend to be in one. Despite my anger against economists' abuse of a gullible public's trust, I still believe that humanity would benefit from being able to place our common economic affairs on a rational footing.

9. What, if any, shortcomings do you see with contemporary economic anthropology?

The main shortcomings of economic anthropology are those of academic anthropology in general – over-reliance on the fieldwork method, refusal to engage with world history, professional introversion within a self-protective guild, and being closed to the kind of interdisciplinary conversation that might lead to the development of a genuine alternative to mainstream economics today. I see signs of improvement in this respect and I place my own initiatives at this time within such a project.

10. Assuming that we can do it, and your answers suggest and give hope that we can do this, on what topics would you like to see sociologists and anthropologists cooperating?

I have indicated that I find it personally easy to collaborate with individuals from other disciplines who are of like mind and are interested in similar questions. But building the institutional and interactive framework for a coherent alternative to mainstream economics is more important than finding topics to investigate together on an ad hoc basis.

Assuming that anthropologists and sociologists really do different things, what might make collaboration between them mutually advantageous? For me the routine story of their difference is deeply misleading. Anthropologists are supposed to study the others and to place a premium on getting close to the people, whereas sociologists work closer to home and are more theoretically and methodologically rigorous. The anthropologists often resent what they see as sociologists' arrogance – the failure of a remote and over-formalized bourgeois caste to take our incursions into the study of global capitalism seriously. But there is some truth to the stereotypical contrast. The anthropologists are often messier – they could use some of the intellectual rigour that sociologists insist on – and they do have

a wider framework of comparison that should perhaps be more readily accessible to those who only study the West.

There are many schools of anthropology and I come from one that always thought of social anthropology as a form of comparative sociology in a line of descent from Montesquieu. So I would recommend economic sociologists to find out more about what anthropologists really do and how our practices and assumptions vary. For example, Kalman Appelbaum's *The Marketing Era* (2003) is an anthropological work of remarkable originality that combines historical comparison between the development of marketing in 18th century Britain and early 20th century USA with an ethnographically based commentary on the global diffusion of marketing practices today. I am sure that the possibilities for exchange and co-operation with economic sociologists on this topic would be greater if the author were not an outsider to the latter's guild. So the first priority is to open up chances for dialogue, of which your initiative in commissioning this interview is obviously one.

In recent years I have been exploring a version of anthropology that, rather than taking its form from the contemporary academic discipline, is inspired by the liberal philosophers of the 18th century and especially by Kant's cos-

mopolitan example. *Anthropology* would then mean whatever we need to know about humanity as a whole if we want to build a more equal world society. I hope that this usage could be embraced by students of history, sociology, political economy, philosophy and literature, as well as by members of my own profession. Many disciplines might contribute without being exclusively devoted to it. The idea of *development* has played a similar role in the last half-century. It matters less that our separate academic guilds should retain their monopolies of access to knowledge – or even find ways of occasionally working together – than that *anthropology* should be taken up by a broad intellectual coalition for whom the realization of a new human universal – a world society fit for everyone to live in – is a matter of urgent personal concern.

11. If you were to give advice to a young social scientist today, who is interested in the economy, what is the most important lesson you have learned?

Study the economy in every way that the economists don't; learn to speak and write *economese* so that you can enter a conversation with them.

Book reviews

Book: Tina Guenther, 2007: *Struktur- und Kulturwandel international tätiger deutscher Unternehmen. Das Beispiel des Bayer Konzerns, Wiesbaden: Deutscher Universitätsverlag.* 1

Reviewer: PD Dr. Jürgen Kädtler, Director, Soziologisches Forschungsinstitut (SOFI), Universität Göttingen, juergen.kaedtler@sofi-uni-goettingen.de

In this work, German sociologist Tina Guenther explores how companies in "Germany Inc." are developing, "under the financial-market-driven pressure of globalisation" (1). "Germany Inc.," in German social science literature as well as in more general public debate, stands for the complex of big exchange-listed companies held together through cross-shareholdings, interlinking supervisory board seats, and banking coordination, and which are regarded as the hard core of coordinated capitalism in Germany. "Financial-market-driven pressure of globalisation" is put forward many times in the book as the decisive (and obviously sufficient) reason for corporate change with simply one direction. Tina Guenther argues that "structural change makes companies in Germany Inc. move from the ideal type of the formal rationalist organisation of experts where specialised professionals hold a particularly strong position to the ideal type of the flexible network organisation where management and financial experts hold dominant positions" (79). She illustrates her argument by citing Bayer, the chemicals and pharmaceutical company, as an exemplary case of this change. Her analysis is based on 26 interviews collected between 2000 and 2005 or on eight interviews (7 management, 1 works council member), that were completely transcribed and analysed based on software Atlas.ti. Guenther refers to the latter corpus of interviews as "the eight most informative interviews remaining for the objectives of this study" (X), so the relevance of the others, that were not transcribed, is not really clear. In addition to interviews she analyses company documents.

The analysis is divided in three parts. The first one deals with "Structural and cultural dimensions of innovation especially with respect to the organisational field of Germany Inc." (1), the second with the change of corporate structures focused on the opposition of the ideal-types just mentioned, and the third one with change of corporate culture within the organisational field of Germany Inc.

focused on the opposition between "best principles" and "best practices". Her theoretical main point of reference is sociological field theory following Bourdieu and, above all, Fligstein, with isomorphism as the central mechanism of the spread of organisational models and structures within organisational fields, following Powell/DiMaggio. She views on Germany Inc. and on the individual company as organisational fields on different levels, the first one encompassing the latter. In her initial discussion of innovation she draws on Schumpeter's theory on the connection between innovation, creativity and economic growth. In her analysis of structural and cultural corporate change in the second and the third part she mobilises structural-functionalist theory following Parsons, especially his AGIL-scheme, and Richard Münch. With respect to her immediate subject, she draws on the relevant studies by the Max Planck Institute in Cologne (Hassel/ Höpner/ Kurdelbusch/ Rehder/ Zugehör, 2000; Streeck/ Höpner, 2003; Beyer, 2003; Höpner/ Jackson, 2003; Vitols, 2003; Becker, 2003; Höpner, 2003). Surprisingly, she does not even mention the studies by Stephen Lazonick and Mary O'Sullivan on the Innovative Enterprise and on the change of corporate governance in the US and Germany (O'Sullivan, 2000a, 2001; Lazonick, 2001, 2004; O'Sullivan, 2000b). After all, O'Sullivan deals largely with the same subject in her "Contests for Corporate Control – Corporate Governance and Economic Performance in the United States and Germany" (2000), admittedly with a different approach and with diametrically opposed results. For this very reason, such a discussion would have been the touchstone with which the author could have demonstrated the analytical force of her own approach.

Tina Guenther's analysis of corporate change based on field theory might be an important contribution to empirical research. And the case of Bayer in my view could be an excellent opportunity to demonstrate the strength of such an approach. However, the author does not use her theoretical categories to analyse the empirical case. Instead, she develops her general argument about forces and mechanisms causing the process of adaptation of German companies to the US-American model by purely theoretical discussion, referring to central categories of field theory like isomorphism, challengers and incumbents, centers of power, etc. And then she uses the (provisional) outcome of the development at Bayer to illustrate her theoretical ar-

gument. But she does not show that the specific development at Bayer is adequately represented by the forces and mechanisms put forward in her general argument. As a result, it does not become really clear where the outcome of the ambitious approach goes beyond a simple argument of pure economic necessity.

The author frequently refers to the concepts of structural and institutional theory and their central terms and mechanisms, but does not really bring to bear them in the analytical development of the argument. For example, while isomorphism is used as a key concept to explain corporate change following Powell/DiMaggio (1983), this is done at the expense of abandoning internal differentiation within this category: "The theory of this study amounts to saying that forced, mimetic and normative isomorphism works jointly in such a way that one cannot distinguish their effects empirically. If one sets store by upholding the distinction, one has to realise that the distinction is merely an analytical one. However, one can say that following the convergence theory, a main current [of] structural adaptation and structural adjustment may be assumed which neither companies nor institutions will be able to avoid in their environment" (65f). Convergence, that should be explained, changes its place and becomes the independent variable. And after all, tackling the "main current" using "merely" analytical distinctions would have been the business of sociological analysis at this point.

The connection between innovation, social structures and economic performance – fundamental to the author's line of argument – is weakly formulated. The author takes up the technologically-focused distinction made by Hall/Soskice (Hall/Soskice, 2001) between incremental and radical innovation and their preferred link with coordinated or liberal market economies, and she introduces the form of coordination (market vs. non-market) and "content-based orientation" (scientific and technical vs. management and financial expertise) as additional criteria with the declared intention of covering the complete spectrum of innovative activity and not only a small part of it like Hall/Soskice. In fact, however, this merely replaces one ideal-type dichotomy by another, where these new criteria dominate, while the aspect of the technological reach recedes into the background. Thus, for the author radical innovations already exist when technologies and expertise on licensing agreements, joint ventures, mergers and acquisitions are attained (cf. p. 205), whereas she cites Aspirin, the secular blockbuster par excellence, as an example of incremental innovation, obviously because it is an "invention as a tech-

nically finished idea" concerning which non-technological mediation by markets did not take effect (cf. p. 202f). That is not really plausible and the argumentation is also very close to tautology: Innovation strategies that primarily operate via markets and network structures are mainly to be found where markets and network structures generally dominate.

The connection between cultural patterns, orientations for action and corporate forms is given insufficient treatment, measured by its significance for the present argumentation. The author sees a direct connection between different forms of corporate organisation and culture-typical social relations and distinguishes "the flexible network organisations, as anchored in the American cultural pattern, fundamentally from the formally rationalised expert organisation, as anchored in the German cultural pattern" (119). Yet elsewhere, the author herself states that the development of flexible network organisations is also fairly recent even in the USA, and Berle and Means (Berle/Means, 1950) at least had identified the functionally hierarchically structured company of managerial capitalism as being the essence of the development of the US economy since the 1930s. However, if the same cultural pattern can serve as the basis of both organisational alternatives, what explains this cultural pattern with regard to the predominance of one of them in a country?

The author sees very clearly the faults and conflicts triggered by the transformation processes under examination. However, she deals with these exclusively as transient phenomena without any influence on the outcome of the development, unless they block it so persistently that the company fails as a result. Otherwise, they result from "the normal course of changes in organisations: first there is structural change, then cultural change, which provides the legitimating basis for the structural change. First, the companies take the extremely far-reaching strategic and operative decisions under the pressure of financial-market-driven globalisation through which staff feel battered. Then a model is formulated which communicates to the staff an understanding of the purpose of the change". (262). A few additional explanations of the theoretical bases of this assumption of normality would have been helpful.

In making her own argument, the author overshoots the target – sometimes significantly – in representing the arguments of others. For example: "They [Jürgens et al.] come to a critical estimation concerning the question of

whether increasing financial orientation leads to greater profit margins and more corporate capital than the search for synergies in accordance with the principle of unity. Thus the authors doubt the performance-enhancing, integrative potential of market competition. Instead, they prefer monocratic and hierarchical structures and the formalisation of organisational processes" (62, JK's emphasis). Now, that is obviously not a factually-based conclusion but a subjective interpretation. It has a similarly disconcerting effect when Stefan Kühl's conclusions from observed organisational problems in New Economy undertakings are "exposed" as being an inherent necessity argument (74).

To sum up, Tina Guenther starts with an ambitious and promising theoretical approach that is worth developing further. In this work, however, she simply presents a teleological view of corporate change, which is not justified sufficiently and especially not by the broad range of theoretical concepts mobilised in this work.

Endnotes

1 Quotations translated from German by the reviewer.

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- Book:** Gallagher, Kevin P./Lyuba Zarsky, 2007: *The Enclave Economy: Foreign Investment and Sustainable Development in Mexico's Silicon Valley*. Cambridge: MIT Press.
- Reviewer:** Scott C. Byrd, University of California, Irvine sbyrd@uci.edu

During the 90s Mexico was instrumental in attracting investment from multinational corporations (MNCs) into their growing information technology (IT) sector by liberalising its trade and investment policies, privatising state-owned enterprises, and embracing a reduced role for the state in economic affairs (Gallagher and Zarsky, 2007). Mexico's hope was that foreign direct investment (FDI) would increase incomes and employment and that investment inflows would produce knowledge and environmental spill-overs benefiting Mexican firms as well as society at-large. Knowledge spill-overs would "build skills and the technological capacities of domestic firms, catalyzing

broad based economic growth," and environmental benefits would come from "mitigating the domestic impacts of industrial transformation by transferring cleaner technologies and best practices" (ibid, p. 1). In *The Enclave Economy* Kevin Gallagher and Lyuba Zarsky set out to determine whether FDI in Mexico's IT sector during the 1990s did indeed promote sustainable industrial development. Gallagher and Zarsky define sustainable industrial development upon three axes: economic, increasing the endogenous capacities of Mexican firms and workers to learn, innovate, and produce for domestic and/or global markets; social, creating sustained job growth, especially for the poor and for the middle class; and ecological, mitigating the environmental and health impacts of industrial growth.

Gallagher and Zarsky's ask three central research questions related to their definition. Did FDI: 1) generate knowledge spill-overs that increased the productive capacities of Mexican firms, enabling them to move up the IT value chain; 2) create sustained employment in the IT industry; and 3) transfer cleaner technologies and "best practice" environmental management to affiliates and suppliers in the IT sector? Gallagher and Zarsky challenge the preconceived notion of FDI promoting domestic sustainable industrial practices by examining what the authors term "Mexico's Silicon Valley" located in Guadalajara. The researchers rely on multiple methods to examine these questions, beginning with a thorough analysis of investment and trade trends and the effect of economic policy shifts. They then conducted over 100 interviews with major actors and stakeholders in US and Mexican IT companies, including: industry associations, government officials, academics, journalists, workers and non-governmental representatives.

The authors' findings highlight the role of institutions in determining market-based consequences for domestic economic growth. Their research finds that government regulation and policies largely predict the developmental path of the IT sector and determine social and environmental outcomes. Their institutionalist framework emphasizes the role of governments and pro-economic growth policies (chiefly liberalization and privatization) in promoting industrial development. Thus, governments "facilitate or undermine prospects for industrial upgrading both by omission and by commission" (ibid, p 3). In the case of the Mexican IT sector, the FDI-led strategy – letting the markets take care of industrial development – produced limited success in stimulating the growth of domestic firms either as competitors or as suppliers to the large MNCs operating

in Mexico. Mexican IT companies instead were "hollowed out" by the MNCs' preference for larger contract manufacturers (CMs) and suppliers in other countries, such as China. This produced a bifurcated IT sector, comprised of struggling domestic supplier and manufacturing firms and a "foreign enclave economy" of MNCs who relied on companies in other countries for their parts and components.

In examining their first question, Gallagher and Zarsky find little support for the notion that FDI creates knowledge spillovers and increases the production capacity of domestic firms. They discover instead that FDI inflows produced few, if any, knowledge spillovers and that profound shifts in the organisational of the global IT industry worked against domestic capacity producing few forward or backward linkages with local suppliers and CMs. Instead, large MNCs who had previously relied on domestic supplier firms shifted toward a strategy meant to consolidate manufacturing into a few CMs with global reach located mostly in East Asia. The resulting shift spurred a crowding out of Mexico's existing supplier base rather than a crowding in of new investment through growing backward and forward linkages with local firms. The one exception to this trend noted by the authors was IBM in the early 1980s. The Mexican state successfully partnered with IBM to nurture spin-off supplier firms – the only ones ever created by MNC investment in the country. They point out that this finding is in stark contrast to China which currently leverages each and every domestic investment contract to produce knowledge spill-overs and increase domestic production capacity.

In addressing question two, did FDI create sustained employment in the IT industry Gallagher and Zarsky trace how FDI inflows into Mexico's IT sector initially generated substantial numbers of jobs. However, they find that these jobs were not sustained over the long term. Instead there were chronic layoffs and a shift toward a more temporary workforce when MNCs relocated to East Asia in search of cheaper labor. Cheap labor was central to Mexico's FDI led development strategy, but the authors find that such an enclave "built around low wages rather than local knowledge assets and domestic markets is vulnerable to the emergence of even lower-cost producers" elsewhere (ibid, p. 189). They also discover that the vast majority of jobs created during the boom were low-skilled and provided little if no opportunity for training and upgrading of skills.

On the third question – concerning environmental performance – the authors' findings are mixed. While many IT

facilities built in the 1990s were more efficient and less hazardous to workers than were older plants, MNCs and CMs in Guadalajara set little or no environmental standards for their suppliers, and enforcement of existing environmental regulations by the Mexican government was lax. Exceptions included a state-of-the-art facility built by Lucent Technologies, along with ISO-certified environmental management plans introduced by firms such as Hewlett-Packard, who also required ISO certification among their local CMs.

The authors' institutional approach clearly unpacks the government's role in guiding FDI towards more sustainable economic practices and harnessing knowledge, technological, and environmental spill-overs. And, their multi-method design – combining quantitative analysis of economic and industrial trends, as well as policy changes, with on-the-ground analytical interviews with key actors – provides a solid foundation for the authors' conclusions. While Gallagher and Zarsky spend a significant time contrasting the Mexican case with that of early Asian tigers such as Taiwan and Korea, this comparison could have been enhanced by a more in-depth analysis of the regional relationships between state institutions and production networks. A comparison with the Japanese keiretsu, large vertically and/or horizontally integrated firms which nurtured regional production networks in East Asia, and the MNCs located in Mexico could prove insightful.

Gallagher and Zarsky's contributes to our understanding of global economic integration by not only clarifying the role of the state in developing countries in guiding economic development, but also in conceptualizing the institutional interface of global and regional forces (MNCs, production chains, and trade regimes) with domestic economies and the corresponding economic, social, and environmental consequences of these relations as a prime subject for future scholarship. Their framework suggests opportunities for future analysis in other countries and industrial sectors, and may prove particularly useful in examining cases such as: the implementation of more stringent environmental standards required of CMs and suppliers to the European Union, the rise of global parts and component chains clustered in East Asia, or the economic transformation of China and its developmental contradictions. In the latter case, the authors' framework would be particularly useful in explaining the costs to China's environment and labor force as a result of the government's aggressive pro-development stance toward FDI and MNCs (Burkett and Hart-Landsberg, 2005). Based on the evidence from the

Mexican case, one might ask: In what ways are China's struggles related to institutional deficiencies, regional market competition, or the structure of global production chains? Scholars who ask such questions, whether economic sociologists, political economists, or institutionalists, will find *The Enclave Economy* to be useful and insightful in their own examinations.

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Book: Osti, Giorgio, 2006: *Nuovi asceti. Consumatori, imprese e istituzioni di fronte alla crisi ambientale*. Bologna: Il Mulino. Paperback pps. 288.

Reviewer: Geny Piotti, Max Planck Institute for the Study of Societies, piotti@mpifg.de

It is the aim of the book by Giorgio Osti to close a gap in the literature on risk in modern societies. More precisely, Osti seeks to bridge the sceptical view supported by Lomberg and the pessimistic view by Ulrich Beck and Zygmunt Bauman – the former doubting the existence of an ecological problem, the latter emphasizing its negative consequences in terms of unpredictability and individual alienation. Due to the use of official statistical data – interview material and survey results – on the Italian case, the relevance of the ecological question is emphasized rather than downplayed. At the same time, this empirical approach gives an account of both strengths and limits of societal responses.

Given the growing societal awareness of the ecological crisis, the main issues Osti seeks to address in the book are twofold. First, how does society respond to the ecological crisis? Second, why do its responses not necessarily translate into effective environmental improvement?

For the author, the ecological crisis arises from space being increasingly occupied by human activities. This, in turn, produces unintended consequences such as the material

increase of waste and, following Bauman, the physical, cognitive and existential uncertainty for individuals. Both material waste and uncertainty are reinforced by the general macro processes of systemic differentiation described by Luhmann, which characterize modernity.

However, unlike more pessimistic views that point to the growing alienation of individuals resulting from modernity, Osti identifies important active responses of society to the crises in several spheres: in institutional and organizational practices, as well as consumption practices – similar to what Weber called *worldly asceticism*. In line with Greek etymology, Osti defines asceticism as exercise, simplification, and constant dedication directed to a slow and incremental self-improvement. Having been key to early development of capitalism, asceticism seems to become for the author a contemporary means to reduce its most detrimental effects today.

Public institutions have introduced mechanisms and techniques to avoid the negative environmental externalities caused by economic development. Regulatory changes and the adoption of certification practices, for example, are said to be measures that aim at reducing waste and encouraging procedural standardization and simplification.

Moreover, the ascetic response identified by Osti occurs at the firm level, whereby some companies have explicitly specialized in the niche of ecological products. Moreover, unions' claims for the reduction of working time can also be interpreted as an ascetic kind of response to the acceleration of capitalism today and the uncertainty caused by the growing work precariousness. However, the most interesting emphasis of the book probably is on the role of new types of consumption inspired by asceticism. Reference to such practices helps the author to capture a further side of the general process of differentiation with regard to consumption in contemporary society without giving way to conceptions of extreme fragmentation, alienation, individual dissolution and narcissism that hinders the formation of collective identities.

Along with a process of meticulous selection of goods for consumption, ascetic behaviour presumes a process of individual and/or collective reflection or even protest against conventional styles of consumption. Although structural aspects like networks or group participation play an important role, moving towards asceticism presupposes for the author a peculiar cognitive frame and a particular sense of time. In order to give up something today, it is necessary to

believe that this will bring greater benefits in the future, even if only the future generations will benefit from it. Osti argues, however, that young generations seem to be driven by short-term mentality, to be stuck in a never-ending present that cancels the awareness of the long-term effects of present behaviours.

The author identifies two possible effects of such asceticism. The first one is posited as the reduction of subjective uncertainty; the other is posited as a potential improvement of environmental conditions (environmental uncertainty). In line with what has been emphasized by the new sociological institutionalism in economic-sociology, routine practices are, for Osti, means of reduction of uncertainty for individuals. But, whether or not collective effects will materialize in terms of environmental improvement is less clear.

The book begins with a short preface and is further composed of six chapters. In chapter I the author introduces the general topic of the book: the relationship between ecological crisis and ascetic responses. In chapters II, III and IV he deals with forms of asceticism practiced (or potentially practicable) by companies, and by public institutions. Chapter V is focussed on the role of sustainable consumption as a form of ascetic consumption and on the identification of types of consumers oriented to such forms of asceticism. Finally, chapter VI deals with the relationship between consumption and sense of time.

By underlining structural and above all cognitive factors, the book offers an interesting perspective on current consumption behaviours. However the reader might have the impression that the main concepts used in the book like that of ecological crisis or asceticism are too broad. Consequently all kinds of uncertainties are explained by the ecological crisis and every kind of sustainable consumption becomes ascetic independently from a concrete reduction in consumptions. The author could choose each time what kind of meaning was fitting better the sphere he is analysing, thereby leading to some "forced consistency" throughout the book. Finally, there is a distinct lack of a conclusive chapter that synthesises and systematically brings together the results of the different fields of analysis. For example, what synergies or potential conflicts can be identified among ascetic behaviours in different spheres? Can asceticism as a means of reduction of individual uncertainty even prevent from more effective forms of engagement for environmental improvement – such as the participation in associations, the support to collective movements? If this is

the case, is a favourable long-term cognitive orientation of individuals a sufficient condition for environmental improvement? What is the role played by the local/national institutions?

Book: Langenohl, Andreas, 2007: *Finanzmarkt und Temporalität. Imaginäre Zeit und die kulturelle Repräsentation der Gesellschaft [Financial Market and Temporality: Imaginary Time and the Cultural Representation of Society]*. Stuttgart: Lucius & Lucius. ISBN 978-3-8282-0367-9. Pp. 134. Paperback, Euro 32.00.

Reviewer: Alex Preda, University of Edinburgh, a.preda@ed.ac.uk

A sociological lecture I recently attended opened with copious quotes about complexity from two prominent physicists, quotes intended by the lecturer as hard evidence about complex systems in the natural world. Later on, while talking to another sociologist, she said to me: "Do you remember yesterday's lecture by [sociologist]? Well, [the physicists] are my husband's good friends and they told me once, every time they are asked to write about a topic like complexity, they look to what sociologists have said about it."

In other words: for conversational purposes, professionals can take over and reproduce abstract notions generated within the sociological discourse, without such notions necessarily playing a direct role in the practitioners' field.

This also seems to be the case with the interview excerpts presented in this book, which purports to examine a series of highly relevant topics: abstract and general conversations about the "psychology of the market," "long and short term expectations," "irrationality," and the like. A typical question can be found on p. 47: "what do you think characterizes investor behavior on the stock exchange"? (One might think that there is no such thing as a monolithic "investor behavior," and that the best way of identifying features of market behaviors is to look at them close up.) The respondents, investment fund managers and analysts, do not discuss any concrete instances of behavior but, taking their cues from the interviewer, accept the premises of his question and dish out a series of general statements, relevant not to the actual, concrete activities of fund managers or of analysts, but rather to the interaction dynamics of the conversation with the sociologist. Since

the excerpts have been transcribed according to conversation-analytical conventions, this game of engaging in the production of abstract and self-referential terms is made explicit.

Of course, finding out more about the relevant, concrete activities of the said managers and analysts would have been quite useful: these professions have been rather neglected by qualitative economic sociologists until now, in favor of the more glamorous traders. It would have required good old participant observation, combined with conversation and discourse analysis, supported by a background of well-crafted interviews. This book, however, is not the place to gain such knowledge. Nor is its aim to shed new light upon financial markets by investigating these activities.

In order to find the rationale for this volume, one has to turn to the slices of theory between which the interview excerpts are sandwiched. Organized into three main chapters and a short conclusion, with most excerpts in the second chapter, the book opens with a tour of theory which should formulate the leading question, as well as the methodological rationale for the entire enterprise. The book continues with a hermeneutic analysis of the excerpts from the interview transcripts, and ends by going back to theory (albeit a different set of theories than that used in the first chapter). This reader was somewhat confused by this rather unorthodox arrangement, even more so since the theoretical questions addressed in the third chapter do not appear as an evident continuation of those formulated in the first chapter.

The first slice of this sandwich-like construction ("Recursivity and Reflexivity on Financial Markets") takes the reader through Anthony Giddens' notion of reflexivity, Ulrich Beck's reflexive modernization, Talcott Parsons' norm-based system, Karin Knorr Cetina's notion of temporal coordination, as well as Luc Boltanski and Eve Chiapello's "new spirit" of capitalism.

There is a general question on p. 7: how are financial markets possible? On p. 15, however, a different question appears. The author wants to identify representations of the market hidden in the subconscious of actors, representations which can be retrieved only by asking participants to reflect upon "the market," independent of and posterior to their practical actions in the market. It seems to this reader that such a methodology purports to retrieve something which is actually produced within the conversation,

but ascribed to the interviewee, and “brought to light” by the interviewer (“What do you think about the market?”). The assumption that “representations of the market” must be hidden somewhere in the subconscious of actors, never coming to light in practical actions, while retrievable through interviews, is interwoven with another one, namely that such representations come to light particularly well in the critique of actors toward their own field of activity.

This latter could be interesting, provided such a critique is encased in specific and detailed narratives (with plots, stories, characters, etc.). This is not the case here: the second chapter (“The Professionals’ Critique of Financial Markets”) is little other than an exercise in the cooperative production of abstract talk.

The third chapter (“Long-term Market Efficiency: The Imaginary Time of Financial Markets”) returns to theory, bringing in Charles Taylor, Homi Bhabha, Jürgen Habermas, Jacques Lacan, and Slavoj Žižek, among others. As a bonus to readers, the author throws in references to financial economists such as Eugene Fama. The main argument, if I get it right, goes like this: market practitioners, as well as financial economists distinguish between short and long term orientations. Financial economists who support the efficient markets hypothesis argue that in the long run markets are efficient. (They mean that over a longer period of time, securities prices incorporate all the publicly available information, while the mechanisms of this incorpora-

tion are also publicly available. This long run, however, is nothing but a projection, or a modeling assumption.) From projection to fiction, and from there to the imaginary are but small steps. These repeated substitutions, together with the assumption that there are no distinctions whatsoever between financial economics, the activities of traders, fund managers, analysts, etc. lead to the conclusion that the long term orientation is a fiction, or: “the imaginary totality of the *speculative capital* emerges from the materialization of future time through the artificial temporal division of future developments on financial markets” (p. 87). This is a small sample of the stylistic and conceptual construction of this book.

The conclusion repeats the main claim of the third chapter: the long term orientation of markets is an imagined one (and every bit as irrational as the short term orientation); as such, it helps legitimize financial markets. It appears not to matter whether this is just an assumption of formal models of price behavior, general statements made in conversations with sociologists, or else. The operational code of *speculative capital* has been cracked at last. Take that, Karl Marx!

Trying to find an image which should capture the book’s spirit (talking about the imaginary), I was reminded of Hayao Miyazaki’s “Howl’s Moving Castle”: a fantastic contraption assembled from heterogeneous bits and pieces, awkwardly moving around. Howl’s Castle was powered by magic fire, but there is not quite enough intellectual fire here.

New Centre for Economic Sociology

New Centre for Economic Sociology at Essex University

The *Centre for Research in Economic Sociology and Innovation (CRESI)*, based in the Department of Sociology at the University of Essex, is the first UK centre for research in economic sociology. With its additional focus on innovation, the research agenda highlights transformation processes of socio-economies, contemporary and historical. CRESI draws together the considerable strengths of the Department of Sociology in the areas of markets; work and employment; corporate institutions and business networks; economic and social rights; corporate social responsibility; cultural economy; welfare regimes and pensions; food and consumption; gender budgeting and fiscal sociology; biotechnology and bioeconomy; and economies of knowledge. The Centre provides a focus for a research agenda that is interdisciplinary, global and comparative in scope, addressing *big* issues facing the world today.

A number of economic sociology approaches are strongly represented within the Centre. These include network

theory, neo-Polanyian approaches, fiscal sociology, political economy, economic and social rights theory, sociology and cultural economy of consumption, and economic history. CRESI aims to stimulate dialogue between these approaches and closely related intellectual traditions such as evolutionary economics, the new geography, feminist economics, institutional economics, management and accountancy.

CRESI welcomes visitors, doctoral and post-doctoral students in the broad areas of economic sociology listed above to participate in its strongly enhanced research culture.

Professor Mark Harvey, is Director of CRESI. You may contact him at E-mail MHarvey@essex.ac.uk.

Professor Harvey is interested, among other things, in using a neo-Polanyian framework to develop "new economic sociology". His most recent publication is *Karl Polanyi: New Perspectives on the Place of Economy in Society*. (Manchester University Press, 2007) from which it is possible to download the introductory chapter at <http://www.manchesteruniversitypress.co.uk/catalogue/book.asp?id=1075>.

Ph.D. Projects in Economic Sociology

The rise of the competition state in Central and Eastern Europe: The politics of foreign direct investment

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This thesis explains the convergence of state strategies in the Visegrád Four region in the late nineties. After a period of distinctive national strategies, which – with the exception of Hungary – promoted domestic accumulation, the states in the region converged towards distinctive models of the competition state. The dominant state strategies aim at promoting competitiveness by attracting foreign direct investment. The states are thus increasingly internationalized, forging economic globalization by facilitating capital accumulation for transnational investors. This thesis investigates three key moments of the processes of convergence and state internationalization. First, it analyses the path-shaping moment of the early nineties, in which the Czech Republic, Poland, and Slovakia embarked the internally oriented strategies and only Hungary promoted foreign-based accumulation. Second, it focuses on the moment of convergence in the late nineties when states throughout the region became internationalized. Third, it investigates political and social support of the competition state in respective countries and mechanisms reproducing its hegemony.

The peripheral mode of integration into which the countries of Central and Eastern Europe (CEE) embarked at the beginning of the nineties made the region structurally dependent on foreign capital. These structural exigencies represent the main mechanism that accounts for the convergence towards the competition state in CEE. In the early nineties, the reform strategies throughout the V4 have followed the neoliberal doctrine of macroeconomic stabilisation, market liberalisation, and privatisation. This in-

stalled political-economic structures that made the exigencies of global accumulation a political prerequisite for national strategies in the region. However, they were translated into political outcomes only by the end of the nineties. The transnationally constituted domestic politics explains both the initial inward-oriented outcomes and later shifts toward the competition state. The emergence of the externally-oriented competition states has been conditioned upon the unfolding hegemony of what I call the comprador service sector within the states and societies in CEE. This process has created a field of force that allowed this sector to come to the forefront as its interests could become “universal”. The comprador service sector helped to translate the structural power of transnational capital into tactical forms of power that enabled agential power to work in sync with the interests of the multinationals.

The competition state has a solid political, institutional, and structural underpinning within the V4. Structurally, foreign-led economies have crystallised in the region, with foreign control of leading export industries and most of the public utilities, and unprecedented levels of foreign dominance in the banking sector. Institutionally, EU regulatory framework locks in the state strategies in the competitive direction. Politically, it is promoted by a power bloc centred around the multinational investors and organised by the comprador service sector. Formation of what I call the investment promotion machines and resistance to them shows the dynamic and continuous reproduction of the competition state and its political underpinning. Investment promotion machines are largely constituted ad hoc around particular Foreign Direct Investment-reliant regional development projects or even around promoting single investors within the region. These temporary articulations of the power bloc get mobilised when a locality is promoted to lure an investor in the investment-location bidding. Investment promotion machines are extremely effective in promoting the interests of investors within the state and in the regions.

Empirical maxims of economic activity. The French market for fruit and vegetable (1936 -2006)

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This finished PhD-project addresses the history of the fruit and vegetable market in France and it raises both empirical and theoretical issues. Empirically, the permanence of different business models both within and outside large-scale retailing questions the idea of economic trends, such as the domination of large firms or the building of a wage-earning society. This statement also raises the issue of how to build a theoretical model that is able to account for several coexisting economic strategies. More precisely, this study analyses the question whether it is possible to explain different economic strategies without assuming a priori that some are dominant and others are dominated.

In the first part, I study the professional actors (producers, wholesalers, retailers) of the market through their coupling. The market is therefore envisioned as a set of relations between heterogeneous social scenes. Referring to Weber's sociology of law, I approach these relations through the implementation of law, which are seen as references for action.

The history of wholesale marketplaces and their institutions is given special attention. While retailers bet on the centralisation of food supply and the economies of scales it provides, wholesale markets (MIN) enact what I call an "economics of variability", based on the management of goods differentiation, the variety (rather than the mass) of supply and arbitrage. Different farming models correspond to the trade models. The French fruit and vegetable sector has not been drawn towards a single mass production

model, but a plurality of farm and business models still remains. These farm or supply models are not fully separated, and under certain conditions, they may create new hybrids, which generate new forms of food supply.

Each of the farm or business models described above relies on different conceptions of product quality. That is why the second part of my PhD is dedicated to the question of fruit and vegetable quality. Product quality is not merely a result of economic actors' strategies, but follows a logic of its own, which may trouble actors' ability to control the product.

The main type of classification available on the fruit and vegetable market is the division among varieties, division which entails no hierarchy. This is why historically, the differentiation of fruits and vegetables mainly occurs through interpersonal networks rather than collective-objective signals. One of the difficulties that the fruit and vegetable market encounters in its attempts for segmentation is to find tools to stabilize differences (otherwise than in varieties).

The raise of food safety and environmental issues causes a shift in classification from the product itself to its production process and its environment. This situation makes the model of a market as a set of relations between heterogeneous social scenes more complex, since science (agronomy, plant genetics, etc.) or the pest control industry must now become integrated in the market. In 2002, the French government defines the "Agriculture Raisonnée", designed to become the new production standard of domestic agriculture. This norm competes with other already existing norms or market standards. Finally, this PhD contributes to the study of the relations between market and democracy. Throughout the various experiments of organizing the market we can see the incessant search for economic models that fit a democratic order. This leads to a study of the collectives within the market.





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