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# Note from the editor

Dear reader,

in the last issue we looked at economic anthropology, and the current issue contains a comment on this by the anthropologist Chris Hann. The theme of the issue is economics. In our leading article, sociologists and economists look closer at economics. One conclusion, after having looked at contemporary economics, is that economists are getting closer to sociology. Rainer Diaz-Bone interviews one of the leading members of the French school of convention, the economist Robert Salais. This school is a result of a collaboration of both sociologists and economists, and the interview, together with the text of this issue, may make the dialogue between the two disciplines easier. The book review editor, Brooke Harrington, offers a number of reviews of recent titles. To stay updated on job openings in the field, conferences and much more, please visit our website.

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From November 2008, Andrea Mennicken (London School of Economics and Political Science) will take over the editorship of the Newsletter. In the 2008/2009 issues we would like to keep the interdisciplinary spirit of the Newsletter and welcome in particular contributions exploring intersections between economic sociology and calculative practices, risk, regulation and law.

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Sincerely Yours,

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# Comment on Economic Anthropology

## Chris Hann reflects on the anthropology theme of the Newsletter's last issue.

Chris Hann was born in the UK., and is a Director of the Max-Planck Institute for Social Anthropology in Halle [hann@eth.mpg.de](mailto:hann@eth.mpg.de).

The excellent short survey of economic anthropology given (in the previous issue of this Newsletter) by Aspers, Darr and Kohl was nicely complemented by the interview with Keith Hart which followed. As Hart mentioned, he and I are currently working together on a couple of projects, one a collection of essays focused on the work of Karl Polanyi (to be published by Cambridge University Press) and the other a textbook for Polity Press outlining the history of economic anthropology (both certain to supersede all rival volumes noted by Aspers, Darr and Kohl!). Although my perspectives have been formed by fieldwork in socialist and postsocialist Eurasia rather than Africa and the Caribbean, collaboration with Keith Hart is very easy because we generally see eye to eye on the important issues. One of my goals at the Max Planck Institute for Social Anthropology in Halle is to promote a countercurrent to economists' interpretations of the Second World's *transition* that might match the impact and elegance of Hart's theorization of the concept of the *informal economy*, which originated as a counter to dominant economics models of the Third World (see Hann 2006, 2007). Here my more modest goal is to use the space allotted to me to offer a few comments on the overview by Aspers, Darr and Kohl, with a few linked suggestions for further reading.

■ I very much agree that "closer collaboration between sociologists and anthropologists on the central institution of markets would most likely be of great benefit to all" (p. 7). In this context it is worth pointing out that the distinction between *market principle* and *marketplace*, attributed by the authors to Michel Callon, was fundamental to the polemics of the 1960s between formalist and substantivist anthropologists. The latter made the mistake of assuming that marketplaces would become less significant with the spread of capitalism, so that the study of abstract markets could be safely left to the economists. This reckless abandonment of key terrain makes us squirm today! Even so, there is much to learn from the classic substantivist collection of Paul Bohannan and George Dalton (1962). For a

thoughtful commentary on these pre-Callon debates, including a discussion of the significance of Pierre Bourdieu, I would also recommend the work of Roy Dillely (1992)

■ Dillely was much influenced by the earlier work of Stephen Gudeman on models and metaphors in the study of economic life and I think this too deserves more attention from non-anthropologists. Gudeman (1986) applies a culturalist perspective to various paradigms in the Western study of the economy. In his book with Rivera (1990), he gives excellent insight into the nature of ethnographic fieldwork as well as into the complex connections between economic processes and our concepts for grasping them. The recent culmination of this strand of his work is a volume on rhetoric (forthcoming).

■ At the other end of the spectrum, while Aspers, Darr and Kohl understandably choose to concentrate on the grand theoretical debates, sociologists might also find it useful to sample the field of what we might call *applied* economic anthropology. One window on this is provided by Research in Economic Anthropology, the annual publication of the Society for Economic Anthropology. Nowadays empirical work ranges from environmental and ecological issues to studies of intellectual property rights, aid agencies and Islamic finance.

■ The origins of today's *development* disciplines can be traced back to the colonial and early postcolonial eras. One outstanding figure from that period (incidentally the niece of John Maynard Keynes) was Polly Hill, who liked to describe herself as a *field economist*. Her unassuming empiricism carried far-reaching implications both for theoretical understanding (her study of the emergence of Ghana's cocoa industry [1963] showed the agency of African farmers long before that concept became fashionable) and for policy and practice in development economics (1986).

■ The work of Gudeman noted above can be seen as an extension of the *cultural turn* which the authors associate with Clifford Geertz. Both build on the interpretive sociology of Max Weber (a figure also revered by Keith Hart, whose notion of the informal economy harks back to the Weberian ideal type of bureaucratization). German influences on twentieth century American cultural anthropology, especially in the person of Franz Boas, are well

known. But the hermeneutic-humanistic approach that crossed the Atlantic, only to be re-imported in recent decades through translations of scholars such as Geertz, was by no means the only intellectual current in the German-speaking countries before the First World War. Bayreuth anthropologist Gerd Spittler has recently documented an impressive tradition of German research on work and technology: Karl Bücher, Eduard Hahn and others asked whether labour in *primitive* communities was drudgery, to be explained in rational terms, or a source of aesthetic gratification to the workers, irreducible to an economic calculus. Similar questions animate academic controversies today over the merits of cultural and rational-choice approaches to the economy. Malinowski created an origin myth with himself as the founding ancestor and this seems to have been accepted by Aspers, Darr and Kohl. But, like Polanyi, Malinowski was a product of Mitteleuropa. He spent two years as a student in Leipzig, where he absorbed the work of Bücher. Malinowski also drew heavily on the work of the Austrian Richard Thurnwald, a pioneering fieldworker in Papua New Guinea, who has possibly the best claim to have discovered the concept of reciprocity for the social sciences. Raymond Firth, Malinowski's colleague and successor, always acknowledged this German lineage, but Anglophone anthropologists stopped reading German in the 1920s, and our debt to these pioneers has been forgotten (Spittler forthcoming 2008).

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# An Economic Sociological Look at Economics

By Patrik Aspens, Sebastian Kohl, Jesper Roine, and Philipp Wichardt <sup>1</sup>

## Introduction

New economic sociology can be viewed as an answer to economic imperialism (Beckert 2007:6). In the early phase of new economic sociology, it was common to compare or debate the difference between economics and sociology. The first edition of the Handbook of Economic Sociology (Smelser/Swedberg 1994:4) included a table which compared "economic sociology" and "main-stream economics," which is not to be found in the second edition (Smelser/Swedberg 2005). Though the deletion of this table was due to limited space, one can also see it as an indication of a gradual shift within economic sociology over this period.<sup>2</sup>

That economic sociology, as economic anthropology, was defined in relation to economics is perhaps natural since economists conduct the bulk of academic work on the economy. The relation to economics is also natural since sociologists have turned their attention to the same object, namely the economy. Economics, to economic sociologists, was, and still largely is, what we see as the heritage of researchers like Walras, Menger, Knight and Samuelson. This stream of thought is also what still constitutes the core of textbooks of economics, though they of course have been modified over time (e.g., Klamer 1990). To this one may add the period of "cold war" between economics and sociology, which from a sociological perspective must be understood in relation to the formation of economic sociology (Swedberg 1990). The economic ideas of, above all, Gary Becker, were often labeled "economic imperialism" by its opponents, and were seen as a real threat to many sociologists. But does the perception that most sociologists seem to have reflect the current situation in contemporary economics?

Our short answer is "no"; economic sociology in general does not seem updated with what is going on in economics. The focus on "classics" and "textbook economics" may in part explain why the early distinctions between economic sociology and "main stream economics" came to emphasize the (neo)classical assumptions. Sociologists have, for example not noticed that game theory has had

an impact on essentially all strands of economics over the past decades. The fact that game theory is not (only) a subfield but a basis for studying strategic interaction in general – where 'strategic' does not always imply full rationality – has made it an integral part of most subfields in economics. This does not mean that all fields explicitly use game theory, but that there is a different appreciation of the importance of the effects (strategically, socially or otherwise) that actors have on one another in most fields of economics and this, together with other developments, has brought economics closer to economic sociology.

Another point, which is often missed, is the impact of the increase in computational power that the introduction of computers has had on everyday economic research. The ease by which very large data materials can be analyzed has definitely shifted mainstream economics away from "pure theory" toward testing of theories with more of a premium being placed on unique data sets, often collected by the analyst. To some, part of this development is surely linked to "economic imperialism," but it can just as well be seen as another way in which economists are moving closer to traditionally sociological questions as quantitative analyses become easier.<sup>3</sup> In terms of the comparison made in Smelser and Swedberg (1994:4), this means a movement away from the "clean models" of traditional economics toward "the dirty hands" approach with real data that is more typical for economic sociology.

Sociologists' perception of an existing mainstream economics was maybe more realistic in the 1980s before many of the advances in game theory and the increased possibilities to do quantitative analysis made their way into the mainstream (though there are, with hindsight, many changes that can be seen before that). However, over the past decades the perception of economics as only being concerned with fully rational, perfectly informed agents acting in settings with perfect information has become increasingly false. In fact, one could say that, parallel to the development of new economic sociology, a number of new subfields in economics have emerged. This has caused a disintegration within economics, so that over the last decades the field has become more heterogeneous, while general equilibrium theory "has reached a serious impass[e]" (Hodgson 1996:3ff).

Our intention in this article is to offer a brief overview of some developments in modern Economics, focusing on how it has moved beyond the neoclassical approach. In many instances these changes can be seen as responding to problems that sociologists and other social scientists have pointed out. It is, however, beyond the scope of the article to provide a complete survey of all relevant fields. The subsequent discussion should be seen as a plea for further explorations across traditional field boundaries, and hopefully more collaborative work between economists and sociologists, rather than as a comprehensive overview of economics. For example, we will neither survey fields such as "Asian studies" or "taxation", nor will we cover subfields that we believe are fairly well-known to sociologists, e.g. institutional economics, public choice, Austrian economics or Marxist approaches.<sup>4</sup> Instead we will briefly discuss the general impact of game theory on economics, focusing on how we see this as being an important step in bringing sociology and economics closer together. In addition to that, we will offer brief overviews of subfields in economics that are supposedly less well-known to sociologists, but which move away from the assumptions sociologists typically associate with economics. Finally, we will delineate some central themes in economic research thereby aiming to locate areas of study where economists and sociologists might meet.

## Ideas in the History of Economics

It is clear that economic sociology has taken up quite a lot, not only from classical sociology, but also from classical economics. Older economists had often a much broader view on their field of study, which then included topics like demography, geography and so on. In the last issue of the Newsletter we stressed that it is wise to go back to classical anthropology to get a better understanding of this discipline. We think that one good way to understand economic reasoning, as well as the economy, is by studying economics, economic history and the history of economic ideas.

We begin by studying the development of the doctrines of economics from a sociological perspective, i.e. to see how they are embedded in the social context of their time. Though one can identify the roots of economics in ancient Greek thoughts in Aristotle's exposition of the "oikos" (household), it is perhaps first with Adam Smith that one can talk of a more coherent presentation of economic ideas. Nevertheless, ideas of division of labor, private property and cooperation and trade are already present in

Greek writings. Yet, neither the Greeks nor the Romans or the Scholastic philosophers saw economics as a separate discipline; it was instead a branch of moral philosophy. Before Smith, "economics" was legalistic and essentialistic (Pribram 1951), with a strong focus on the idea of rights, and economic "theory" was then deeply embedded in the real economy. Nonetheless, the central ideas of supply and demand were formulated in the 16th century (Roover 1968).

Later, with the so-called mercantilist school, which stressed the importance of trade to the benefit of the nation, the state became central. The value of a nation was measured in terms of national surplus of precious metals. Mercantilism must be seen as a practical and highly political-normative doctrine, and not an elaborated theory of how the economy operates. In the late 18<sup>th</sup> century in France, the so-called physiocrats stressed the national production and especially agriculture as means to increase wealth had much influence. In their view, only land generated a surplus. They also argued in favor of state-regulations to create self-sustainability. It is possible to see the development of capitalism in relation to the development of nations (Greenfeld 2001) and both these developments have affected economic reasoning (Pribram 1951).

Collectivistic doctrines, which means that all individuals must succumb to the interest of the whole, were criticized by liberal and individualistic thinkers such as Adam Smith (Viner 1968:443), though Hume, Mandeville and others had already made similar arguments. Classical economists, as is known, argued that Free Trade, also across borders, was of mutual benefit to all. It was also argued that the economy should not be regulated by a central planner; instead it was best to let people pursue their own interest. These ideas are of course echoed in Austrian economics as well as among neo-liberal thinkers. The market is a social coordination mechanism that generates not only economic prosperity, but also social order, as discussed by Albert Hirschman (1977; 1986). Not only the Austrian school but also the so-called Chicago school of economics, with Friedman and Becker as leading proponents, must be seen as heirs of this way of thinking.

The labor theory of value that sociologists know from Marx is simply an idea that he took over from his contemporary economic colleagues. Ricardo, Marx and others were influenced by the physiocrats and argued that the creation of wealth was only due to one cause, namely labor. The marginal utility "revolution", initiated Carl Menger and William

Jevons implied a shift from absolute to relative value, as well as a greater focus on utility. It also furthered analyses of symbolic values, reflected by the works of Veblen ([1899] 1953), since value can be endowed to objects by the social context.<sup>5</sup>

An alternative view of the history of economic thought – and one which some economists may find more familiar – is to see the development in terms of the scope of the subject, the “tools” used for study and, importantly, the interaction between the two. According to such a view, Economics, or Political Economy as it was then, started off being concerned with “whatever appertains to the organization of society” (Cournot [1838] 1927 section 5) but gradually became increasingly restricted to dealing with production and allocation of material goods.<sup>6</sup> This shift becomes clear when, for example, comparing Cournot’s definition to the well known definition of Samuelson ([1947] 1983) “Economics is the study of how societies use scarce resources to produce valuable commodities and distribute them among different people”. This development, during what Niehans (1990) calls the Marginalist Era stretching from 1830-1930, was characterized by a development of a deeper theory of supply and demand in markets, based on models of rational competitive decision making but also by an “increasing fixation of neoclassical economic theory on equilibrium conditions and the mathematical formulation of that theory (Nelson/Winter 2002a; Hicks/Allen 1934; Samuelson [1947] 1983)”. What most observers seem to see in terms of the development of “mainstream economics” after 1930, during what Niehans (1990) calls the Era of Economic Models, is an increased mathematical sophistication. But what is less often understood is the fundamental change in equilibrium concept(s) that occurred with game theory. As we will discuss in some more detail below, this shift introduces a number of aspects not typically present in neoclassical analysis such as the role of limited or asymmetric information, habit or custom (focal points), institutions (the rules of the game) etc., to understand situations with multiple equilibria. With an obvious risk of oversimplifying one could say that, viewed through the lens of game theory, economics was initially concerned with the organization of society in a broad sense. But lacking the tools to analyze interaction, economists focused on developing a more sophisticated analytical methodology for a more limited set of questions concerned primarily with material goods and incentives. Only with the introduction of game theory has it been able to return to dealing with the broader questions.

There are of course additional ideas in economics, some of which have been especially well received in sociology. Veblen, together with John Commons, can be seen as the founder of the old institutionalism school, which stresses the role of shared social constructs as conditions of the economy. Some separate this school from the New Institutional Economics, but already Commons defined “transaction” as the unit of analysis (Commons 1931). The notion of transaction was also taken up by Ronald Coase (1937), though he used it to discuss the costs of transaction, and identified high transaction costs in markets as a reason for the firm to be the coordination unit, rather than individuals signing contracts. This idea that “institutions matter” (e.g., North 1990; Weingast 2002) is, on the one hand, directed against economic theories in which uncertainty and transaction costs are anomalies. But institutional economists, on the other hand, have also moved into new fields of study that previously were populated by historical or sociological new institutionalisms, which mostly considered institutions as given prerequisites (see Hall/Taylor 1996). The new economic institutionalism argues that institutions functionally emerge to solve coordination problems in markets that arise due to actors’ bounded rationality. Institutions then enter into a problem-solving competition with the result that only the most efficient ones sustain (Williamson 1975). The history is thus a process of ever increasing institutional efficiency.

The institutional approach within economics has often focused on legal rights, and especially property rights (Coase 1988).<sup>7</sup> There are some interrelated economic schools of research that can be seen as offsprings of institutional theory, such as Public Choice (e.g., Olson [1965] 1971), Law and Economics (Korobkin/Ulen 2000; Jolls/Sunstein/Thaler 1998), and Constitutional Economics (e.g., Buchanan/Tollison/Tullock 1980). There is also a correlation with the neoliberal ideas that restrict the state and the formal institutional framework, represented by the night-watcher state (Nozick 1974).

Concerning the origin of ideas, in particular French and British economists have, partly independently, made substantial contribution to the development of modern economics. From the 1850s one can also talk of the German historical school. The school, with Schmoller as a leading proponent, stresses the importance of broader questions. This school had a normative and national view on the economy, and the notion “Sozialökonomie” (Social economics) was sometimes used. It stressed that knowledge, in the form of laws, could be developed by historical and

thereby inductive studies. With the development of the more abstract, theoretical and mathematical approach of Austrian economics under the leadership of Menger, stressing the laws based on premises and deductive reasoning, the historical school faced a German-speaking opposing school. What is known as the battle of methods (Swedberg 1990), which took place at the time sociology was formed as a discipline, resembles the debate that was discussed in the last issue when we focused on anthropology. The epistemic differences that the Austrians and the Germans represent are also reflected in the debate between formalists and substantivists.

While economics as a subject certainly shows heterogeneity, it is still the case that some key assumptions seem to be present across most of the field (Erlei/Leschke/Sauerland 2007:51). The first is methodological individualism: all phenomena are supposed to be explainable by recurring to the behavior of individuals in contrast to collectives. The second is the acceptance of at least some kind of rationality: this assumption refers to the well-known homo oeconomicus, who hypothetically maximizes his utility considering all restrictions. Finally, economists assume stability of preferences: changes in economic outcomes are not to be explained tautologically by a change of individual preferences, but by the influence of exogenous shocks on a given set of preferences.

However, even these core assumptions are apparently not prerequisites for publication in top economics journals. A closer look at the contents of journals such as the *American Economic Review*, *Econometrica*, *Journal of Political Economy*, and *Quarterly Journal of Economics*, shows publications of papers using assumptions of limited rationality, learning, evolutionary theory, showing violations of (standard) rationality, herd behavior, social norms etcetera. It therefore seems justified to say that the closer we look at economics, and if one actually starts to read the texts that economists publish, the harder it gets to find hard core economists, which thus is becoming more and more a straw-man created within sociology. Though economic textbooks might give a comprehensible introduction into the more classical themes, we concentrate on presenting the development of some ideas that might be useful to sociologists. We begin by discussing *Game Theory* which we see as one important idea that has had repercussions both inside and outside of economics. Then, we move to a few other strands of economic reasoning which are of interest for the present discussion.

## The Game Theory Revolution in Economics

Despite some earlier work on games as a representation of strategic interaction (e.g., Von Neumann [1928] 1959), *Game Theory* is commonly regarded as being founded, in connection with expected utility theory, in 1944 when John von Neumann and Oskar Morgenstern published their seminal book *Theory of Games and Economic Behavior*. Back then, the hope was to establish a theory that allowed for a rigorous mathematical analysis of human decision making. And indeed, today game theoretical tools are omnipresent in economics and their merits are also acknowledged by sociologists; in fact, there is even a sociological "game theory" (Swedberg 2001). What is not acknowledged, however, is that the development of *Game Theory* in economics has brought it closer to sociologists, who always have been interested in strategic interaction. We claim that *Game Theory* has generated a more fundamental change of the formal analysis of strategic interaction in economics than sociologists have recognized.

To make the argument for why the introduction of *Game Theory* is such an important shift in the simplest possible way let us consider a competitive situation in terms of the number of actors competing. When there is only one individual actor, it is not really a competitive situation but rather a case of the individual understanding how to best achieve some objective – an individual optimization or decision problem. This type of problem is comparably easy to analyze mathematically. However, as soon as there are two individuals, the problem becomes much more difficult because what is now optimal (without having to be specific about what the objective of action may be), depends on what the other individual does. As the number of actors increases, so does complexity. But – and this is the key assumption in the Walrasian general equilibrium framework – as the number of actors grow, the impact of each individual on the whole diminishes, and when the number of actors becomes very large one may even disregard the impact of each individual on the aggregate outcome. This means that there are two cases where "strategic interaction" can be ignored, namely when an individual acts alone and in a setting together with very many others, such as in a "perfectly competitive market".

This view on strategic interaction has important implications for several of the differences between economics and sociology. For example, when considering the actions taken by individuals, it is often claimed that in economic



theory everyone acts in isolation to achieve a goal (usually maximization of utility) while in economic sociology everyone considers other actors. To quote Smelser and Swedberg: “[microeconomics] assumes that actors are not connected to one another; [economic sociology] assume that actors are linked and influenced by others” (1994:5). This distinction is clearly true when referring to individual optimization and to models of perfect competition, but not when studying game theory. Here the whole point is to act so as to achieve a goal taking the actions of others into account. The main difference between the two disciplines seems to lie in the fact that in economic sociology the others are not just seen as competitors, but (perhaps mainly) as “influencers of the perceived utility” to talk in economic terms, which is to say that actors care about what others think about our actions. It is true that most economic analysis primarily views others as competitors, but it is important to recognize that the step from studying interactive competition to interactive social competition is much smaller than it would be if the starting point is assuming actors in isolation. Indeed, there are examples of economic articles in recent decades that introduce social norms into the analysis (see, for example, Gui/Sugden 2005).

Another fundamental way in which game theory has contributed to changing much of economics is by reintroducing the institutional aspects of economic problems. In its most famous definition, institutions can indeed be seen as the “rules of the game” (North 1990:3). Once it is acknowledged that individuals are constrained in their actions by far more than their “budget constraint” a number of traditionally sociological aspects come into play (e.g., Basu 2000).

Overall, it is fair to say that game theory has enabled economics to shift back to being concerned with analysis of incentives in any social institution. At the same time as this has shifted economics back to the broader social science it was before the *Marginalist Era*. This has also brought economics and economic sociology closer together.

## Evolutionary Economics

Evolutionary ideas have a long history in economics (Nelson/Winter 2002b). In fact, the idea of evolution was a natural point of departure, for example, for both Marshall and Schumpeter, whose work represents an affiliation to early economic sociological work (Swedberg 2003: 23-26).<sup>8</sup> Though dynamic evolutionary analysis was common,

especially among early British economists about hundred years ago, economic analysis became more static after World War II, focusing on conditions of equilibrium. And it was first in the 1980s that economics witnessed a return of evolutionary thinking as a response to the shortcomings of “standard neoclassical theory” (Nelson/Winter 2002b: 24). This return also was facilitated by a formalization of evolutionary ideas in biology that established a link to *Game Theory*, which then had become increasingly popular in economics.

The core intuition behind the application of evolutionary models in economics is that most economic phenomena are not inherently static but the results of dynamic processes and accordingly require a full dynamic analysis. In particular, firms’ and actors’ reasoning is based on experience as well as on the historical evolution of norms and “knowledge” that is passed on over time. Naturally, such evolutionary ideas often stand in contrast to the notion of the rational actor who optimally responds to the currently available information. Accordingly, increased reliance on evolutionary models has consequences for the analysis, for example, of competitive markets where it enables a different perspective on selection and specialization, essentially via the market as the “selection mechanism”.

Winter and Nelson (1982), to give an example, substitute orthodox profit-maximizing behavior in firms with routine behavior. Different routines of everyday decisions, long-term investment strategies and decisions about the organizational structure function as genes of the firm’s organism. The firm’s search for new routines is then modeled via mutations while the acquired experience, which is inheritable in a Lamarckian sense, and the industry environment also play a role in that process. Which firm is to survive, thus, depends on both the ongoing search for more adaptive routines and the profitability serving of the firm. While short run temporary equilibriums might be achieved, the authors, in line with the arguments of Marshall and Schumpeter, emphatically refuse the idea of a final equilibrium as focal point from which a model is to solve. Nor do they assume that a clear assertion about the blindness or directedness of the evolutionary process of routine-search and profit-selection can be made *ex ante*.<sup>9</sup>

The different lines of thought reflected in evolutionary arguments are variegated. One can discern a Schumpeterian tradition investigating phenomena of innovation, industrial development and business cycles on a macro-level, then an Austrian tradition focusing more on the subjective

knowledge as explanation for innovation, and finally, a rather mathematical division using for example the theory of non-linear dynamics to explain diffusion processes or selection effects (Witt 1993: 2). Moreover, some economists, such as Hirshleifer or Wilson, even "seem to accept the idea that social phenomena are determined by [...] the DNA" (Hodgson 1996: 42), whereas another line of thought beginning with Veblen considers social institutions or habits in analogy to genes.

## Behavioral Economics

Since Adam Smith economists have dealt with psychological assumptions. Yet, it was not until the 1960s that an experimentally orientated branch of economic psychology, with psychologists like Amos Tversky and Daniel Kahneman, began to deal with the anomalies in connections with the orthodox assumptions made in economics' that could be observed in experiments. Somewhat simplified, one might say that behavioral economists essentially try to reconcile empirical evidence about people's judgments and choices, which often is at odds with common "rational" predictions, with economic modeling albeit commonly without making any fundamental methodological changes of the theory. Although the integration of phenomena related to, e.g., limited rationality and emotions into standard models often might seem to call for a rejection of the rational framework, most of the studies in behavioral economics avoid such far-reaching solutions and are better viewed as complementary to or enriching previous models (Camerer/Loewenstein 2004).

In order to further clarify the distinction, we briefly mention two applications. For example, in common macroeconomic models of saving it is often assumed that individuals at one point in time estimate their lifetime income in order to determine their optimal saving rate. Shefrin and Thaler (2004) made this demanding model more realistic by introducing costs for the self-control of investments, the possibility to be tempted to immediately consume rather than save, and by dividing the overall wealth into several mental accounts, each involving different propensities of marginal consumption. Some preliminary surveys, made with students as partakers, support this approach. Similarly, high unemployment rates are occasionally explained by a reference to the high wages set by employers that cannot otherwise control their possibly shirking employees. In this case, Akerlof and Yellen (1990) offer a different interpretation for the observed high wages: Workers generally have a sense of equity so that they make an effort

only if the perceived wage is relatively fair and employers respond to the general sentiment of fairness when setting the wages. If these are too high, they prevent a greater number of workers to be employed. To support their thesis, the authors refer to such sociological concepts as the theory of relative deprivation and Blau's model of social exchange within organizations.

## Identity and Economics

A further theme that we would like to highlight, though it is still small within economics, is identity. The concept of identity was first introduced into economic analysis by Akerlof and Kranton (2000). Over the last couple of years the notion has become a bit more common (Nekby/Rödin 2007: 7-8), and it still appears to be growing.

Adding to an increasing literature considering the interplay between psychological and economic incentives (reviewed for example in Rabin 1998), identity arguments focus on the importance of social categories and behavioral stereotypes for individual economic decision making. Having highlighted consistent identity related behavioral patterns, Akerlof and Kranton (2005:12), for example, refer to a person's identity as the gains and losses in utility from behavior that conforms or departs from the norms for particular social categories in particular situations. It is not the emphasis on the importance of social categories alone that is central here, but the suggestion to incorporate these aspects into the utility function.

However, concerning utility, the situation specific qualification in the above statement is important because identity related incentives are most relevant in economic decision making when social considerations and conditions come into play. Akerlof and Kranton (2000), in the discussion of the labor market, point out that many jobs are gendered. A woman who accepts a "male job" arguably creates a disutility, in terms of her identity, since this is not "what women commonly do," if one assumes the "traditional" identity of women to be preferable. Accordingly, and in spite of having the appropriate skills and qualifications, women may refrain from taking such jobs, which is a finding at odds with what the "standard" economic analysis might suggest will happen. Thus, identity may affect labor supply when there are observable and clear associations between a choice, such as taking a job, and a certain identity, i.e. if an occupation is gendered. The identity dimension, however, is not relevant, one may presume, when

actors, for example, are bidding in auctions, though different identities may bid for different things.

Of course, labor supply is but one of the many examples for the often intriguing interplay between economic and identity related incentives. Yet, it is a field for which the idea has a particular intuitive appeal and has also been put into practice (Nekby/Rödin 2007). However, similar effects have been observed, for example, in connection with education and schooling (Akerlof/Kranton 2002) or with intrinsic motivation of a firm's workforce (Akerlof/Kranton 2005). In the latter case, it has been argued that identification with a certain institution, e.g. a firm, increases cooperation with that institution; although the strength of the effect is likely to depend on the perceived situation specific relevance of the respective institution for the respective decision maker's identity (Wichardt, forthcoming). Thus, while certain means to monitor the workforce may be indicated by a purely economic analysis of standard moral hazard problems, their implementation may contribute to an alienation of the workers, which in turn would obliterate positive identity effects on the workers' effort.

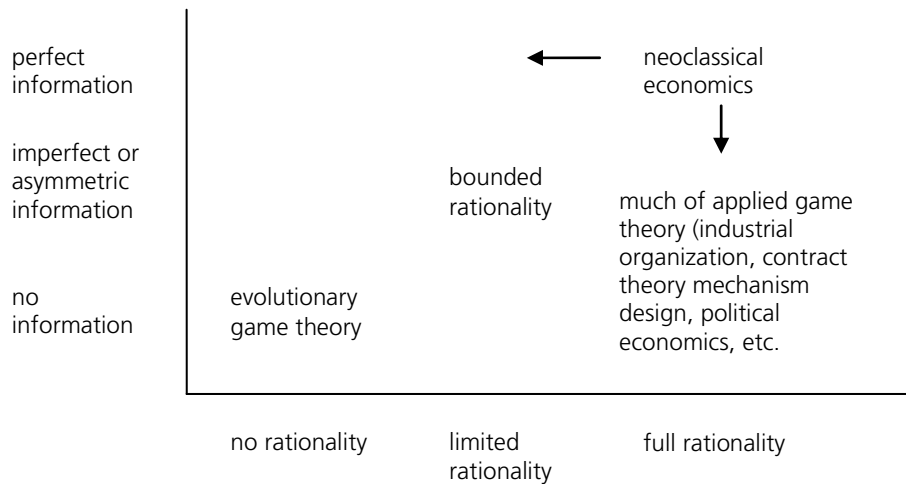
Given the intuitive character of many of the arguments, it is perhaps no surprise that identity related effects have also been taken up in more technical economic research. For example, in more recent studies, it has been shown how contributions to social goods are affected if social signaling effects are combined with an individual concern for prosocial behavior, i.e. a general appreciation of good deeds, which may be interpreted in terms of identity (Benabou/Tirole 2006b). Moreover, it has been argued that various economic as well as social phenomena (e.g. taboos) can be rationalized under the assumption that decision makers tend to infer past motivations, i.e. information about their identity, from past choices (Benabou/Tirole

2006a). Thus, research connected to the notion of identity, which has been big within sociology for almost two decades, now also seems to be on its way to grow also in economics.

### What can Sociologists and Economists Learn from Each Other?

It is obvious that a short article like this cannot give details about the development within economics. A critical reader can of course debate our way of presenting ideas and structuring the enormous field of economics, but this should not obscure our main idea that economics and sociology, in fact, are standing closer to each other than they have done since World War II. This is not to deny that there are still large differences.

What have we learned from this brief overview of contemporary economics? The first thing we would like to mention is that neoclassical economics as it is presented in textbooks, and as it still is perceived by many sociologists, has over the last decades become more sociological. The hard core assumptions of the Walrasian analysis have had many supporters, for example Gary Becker (Stigler/Becker 1977), despite the critique from, for example, sociologists and anthropologists. However, there are many contributions, which may be seen as common knowledge in disciplines such as sociology, that have penetrated the field of economics. Assumptions of institutions, of preferences that depend on context, identity, class and history, imperfect information, trust as preceding contract, markets as processes and much more have to a large extent become, or are about to become, part of "main stream economics". One may talk of a movement within economics from assumptions of perfect information and full rationality, as illustrated in Figure 1.



**Figure 1: Movement of “mainstream economics” in recent decades**

What does this mean? We do not think, as some economists have at least mentioned, that economists “should pack up and become sociologists” (Bowles/Gintis 2000: 1433). We should, nonetheless, notice how economists have become more flexible regarding many central assumptions and ideas.

There are many things that economists can teach economic sociologists, though we do not primarily think of “advanced” modeling; we rather have in mind discussions of basic questions and the general ideas. Economics provides a general theory of the economy, and economic sociology has so far not presented a rival theory that would have to combine the interplay of economy and society on a macro-level (Berger 1986). Sociologists have written on money, markets and commodities – all being central institutions of the economy, but how these “hang together” is unclear, regardless of whether one reads economic sociology textbooks, articles or books. This is also one reason why economic sociologists are less able to generate theoretically founded policy recommendations (Fligstein 2001).

An important reason for the situation in economic sociology is the lack of knowledge sociologists have about what goes on in the field of economics. There is an explicit shortcoming in knowledge due to the lack of training in mathematical and formal reasoning, but also due to an “information problem.” It is our hope that this text will help to rectify the latter problem.

Economic reasoning, and above all, sociologists ideas of what economic reasoning is, has had a strong impact on

how sociologists think about the economy. Notions like the market, inflation and money – to take a few examples – might be investigated by economic sociologists from a sociological point of view, while their basic economic understanding is drawn from the pre-scientific lifeworld to which even some vulgar notion from professional economics trickled down. If this usage is not acknowledged one could even speak of a pervasion of economic sociology from within. This may be a reason why economic sociology has never been radical in the sense that it has deconstructed the notions used in

economics with the ambition to develop its own terms. Harrison White’s (1981; 2002) market theory is the most salient and perhaps the only example of an attempt to develop a rivaling theory of markets – the most central economic institution. It is in this light obvious that economists have developed sophisticated theories of how economic actors interact, what the role of contract is and about many more things, which sociologists tend tacitly to lean on when doing analyses that sometimes only furnish an economic phenomenon with a bit of flesh and some blood.

Though this is not the main theme of this text, it is clear that also economics would benefit from looking closer at what economic sociologists are doing. This is especially the case now when, as we have argued, economist are about to leave their tool shop. Yet, attempting to obtain a more comprehensive understanding of individual interaction may force economists to abandon, or at least modify their toolbox, unless they want to be caught in it.

## Suggested Readings

The field of economics is large, and populated by so many different schools, that it is wrong to single out a few texts that we suggest sociologists or anyone who is not an economist by training to read. We have deliberately tried to stay out of the more technical and mathematical discussions.

A few sociologists have approached the field of economics to study it more carefully, some of which are included in a

recently published volume (MacKenzie/Muniesa/Siu 2007). What we would like to suggest, however, is to read some classical texts. To approach the field of economics we suggest that those with little background in economics do not start with the textbooks of economics; instead Alfred Marshall's *Principles of Economics* ([1920] 1961) may be a good starting point to understand the economy as a "science of man". But to understand neoclassical economics one may also prefer to go back to texts that were written in the period of formation of the ideas or schools, such as Frank Knight's book (1921). One may also, if one has more background in economics, go directly to some of the texts that we referred to, such as the one by Bowles and Gintis (2000). *The New Palgrave Dictionary of Economics*, is a useful source of information on economics and economic topics. A very good non-technical introduction to how game theoretic reasoning can be applied to economics viewed as embedded in politics and society is Basu (2000). Another highly recommended slightly more technical introduction to Microeconomics when taking behavior, institutions and evolution into account is Bowles (2004).

### Leading Journals:

The first economic journal, *Zeitschrift für die gesamte Staatswissenschaft*, was published in 1844 in Tübingen. In 2001, 610 economic journals were published, almost half of them in the US, printing around 350.000 pages a year. Below we list a few top journals, based on economists' views as well as the impact factor.

*American Economic Review*

*Econometrica*

*Journal of Political Economy*

*Quarterly Journal of Economics*

*Review of Economic Studies*

Where can one find articles that cross the disciplinary boundary between economics and sociology? There are of course different strategies, but if one searches for *economics and sociology* within the abstracts, keywords, and titles of those articles (2000-07) within the *Web of Social Science* database one obtains the following results for journals within the "economics" category: *American Journal of Economics and Sociology*, *Journal of Economic Behavior &*

*Organization, Ecological Economics, Economy and Society, European Journal of the History of Economic Thought, Journal of Public Economics*. Moreover, one finds also economic journals as *Health Economics* or *Applied Economics*, which publish sociological articles that seem to deal with quite practical fields.

### Endnotes

<sup>1</sup>Patrik Aspers is research fellow and Sebastian Kohl is research assistant at the Max-Planck Institute for the Study of Societies in Cologne. Aspers focuses on markets, and Kohl is interested in philosophical and theoretical issues in the intersection of economics and sociology. Jesper Roine is Assistant Professor at SITE, Stockholm School of Economics in Sweden. His main fields of interest are political economy, inequality, and economic development. His e-mail is: [jesper.roine@hhs.se](mailto:jesper.roine@hhs.se). Philipp Wichardt is post-doctoral researcher at the Department of Economics, Economical Theory 3, University of Bonn, Germany. His research mainly centers around questions related to psychology and economics, and bounded rationality; e-mail: [philipp.wichardt@uni-bonn.de](mailto:philipp.wichardt@uni-bonn.de).

<sup>2</sup>E-mail conversation with Richard Swedberg, September 13, 2007.

<sup>3</sup>A prime example of this is the work by Steven Levitt, winner of the 2003 John Bates Clark Medal, and author of the bestselling *Freakonomics* which – despite claiming to be a "rouge economist's" observations – illustrates how innovative use of data is highly appreciated in today's economics profession.

<sup>4</sup>There are bibliographies of the history of economics, for example Köllner (1990).

<sup>5</sup>Veblen's analysis, of course, is quite different, and profoundly sociological, since he stresses how one person's "utility" depends on his interpretation of other peoples' perceptions.

<sup>6</sup>This view and account is based on Myerson (1999) and also relies heavily on notes by Roger Myerson for an inaugural lecture on May 23, 2002, in the Social Sciences division of the University of Chicago.

<sup>7</sup>The property-rights-theory considers a legal structure with regard to its ability to make economic transactions possible. Typical questions concern the introduction of property rights in areas of modern commons like the virtual space, the most efficient costs of maintenance of a legal system, or the efficient degree of punishment.

<sup>8</sup>See the theme issue on *Evolutionary Economics* in *Journal of Economics* (2002, volume 16, number 2).

<sup>9</sup>This contrasts with much of evolutionary game theory where a key issue has been to explore whether or not evolutionary dynamics converge to outcomes which are Nash equilibria in perfectly informed and rational settings (Weibull 1995).

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# Robert Salais Answers Five Questions about Economic Sociology

## Economics of convention – its origins, contributions and transdisciplinary perspectives

### Robert Salais interviewed by Rainer Diaz-Bone in Berlin.

*Robert Salais is one of the founders and still one of the leading researchers in the French tradition of the “économie des conventions” (“economics of convention”, in short: EC). This transdisciplinary strand of socio-economic research is highly influential in France and has today a rich agenda of different research topics (Diaz-Bone 2006, Diaz-Bone forthcoming; Jagd 2006), which is shown in the two volumes of Eymard-Duvernay (2006a, 2006b). The EC was formally founded in 1989 when the special issue “économie des conventions” (Vol. 40, Nr. 2) of the leading economic journal “Revue économique” appeared.*

*In 2004, an interview with Laurent Thévenot appeared in this Economic Sociology European Electronic Newsletter (Vol. 5, Nr. 3), which was conducted by Søren Jagd (Jagd 2004; Thévenot 2004). This interview especially portrays the “start-up” of this scientific movement, and is focusing on the period before 1989. The following interview with Robert Salais addresses his contributions to this approach and newer developments of EC. Salais’ research orientation is the best example for a transdisciplinary perspective. In the interview he analyzes also the relationship between sociology, economics and other disciplines in the area of economic sociology. There is a brief summary of Salais’ career, and a listing of his most central publications, at the end of the interview.*

### 1. Could you describe the stations of your academic career and how you got involved into the “économie des conventions”?

I began my professional, rather than academic, career – the distinction is worth to be reminded –, as “administra-

teur de l’INSEE” (Institut National de la Statistique et des Études Économiques, National Institute on Statistics and Economic Studies). Generally speaking, this means to be selected from a “Grande École” (in my case École Polytechnique) to coordinate statistical inquiries and to undertake socio-economic studies. I personally chose employment and population as my domains and was very soon involved, both in econometric research on the functioning of the labor markets, and in the French economic planning (“Commissariat Général du Plan”) which was still very influential in the 1970s. This helped me to get a first overview of the linkage between statistical data and their categories, and their role in macroeconomic policies and planning. As I explained at the beginning of “Invention du chômage” (Salais/Baverez/Reynaud 1986), collective actors involved in the planning process (administrations, trade-unions, employers’ representatives) discovered in the 1960s that, for the first time since 1945, there would be no full employment at the end of the next four-year plan. Such worries had a great impact for developing more public research and data on employment and labor markets. As an answer to these collective worries, my works demonstrated that there was no clear link between the evolutions of the level of employment and unemployment, but rather complex mechanisms of adjustment.

However, my awareness, not yet of conventions, but of statistical categories, came from the seminal works of Alain Desrosières. Like many other administrators of INSEE, I contributed (in my specific professional area) to the wide 1978 *Colloquium on the History of Statistics* (coordinated by Joëlle Affichard and Alain Desrosières). Then, as a research project, I undertook a study of the history of the category “unemployment”, and I discovered that it had not always existed. Instead, the category of “unemployment” was the product of a socio-economic historical process, deeply rooted in national and institutional specificities. This finding made me, in the 1980s, aware of many theoretical questions: for instance the plurality of models of coordination on the labor markets; how technological as well as organizational innovations create what I called “social correlations” between positions on the labor markets; the influence that cognitive categories have in shaping, not only information, but more deeply rooted social



realities; the gap between implementing institutions or policies in some domain from the top and generating a situation where these institutions are taken by actors as resources and bases for their expectations and actions. Like many French researchers of the period, I read Marx and other Marxist writings and I was involved into the socio-political process which prepared during the 1970s the *Common Program of the Left* which resulted in the victory of the Left parties in 1981. All in all, from all these influences I definitively took an anti-positivist stance and revisited the Marxian approach, to replace the idea of abstract labor and situate it in more socio-historical terms.

The connection with conventions happened from the fact that previously we were all (Joëlle Affichard, François Eymard-Duvernay, Laurent Thévenot, myself and a little bit later Alain Desrosières) working in the same department of INSEE, the division "emploi". In the open-minded INSEE of the period, this division retrospectively appeared as a laboratory of ideas, open to external scientific influences. When in 1982 I became the head of the INSEE research unit and Laurent Thévenot one of its members, it was possible to hold an interdisciplinary workshop in 1984. It was closely linked to the theoretical investments that Laurent (in connection with François Eymard-Duvernay) lead on conventions and investments of forms. Published in 1986, the collective book issued from this workshop (Salais/Thévenot [eds.] 1986) already includes (except Jean-Pierre Dupuy) all the contributors of the future 1989 special issue of the *Revue économique*. The seminar, which then, from 1986 to 1988, prepared this special issue, offered me the opportunity to develop my own understanding of the convention-based approach and to apply it to labor economics. My later works follow from these initial investments, developed in a friendly competitive atmosphere and during a period open to intellectual innovation.

Let me conclude by a reminder, that four of the six contributors of the special issue of 1989 came from INSEE and were not academic people at the beginning. Such a foundation of the economics of convention has been a little bit forgotten during the development of its works. However, it signaled the key role cognitive conventions play in building and implementing public policies through the emergence of legitimate and fair informational bases of judgment.

## 2. Could you introduce your notion of convention? And what are the differences between your notion of

### "convention" and the notions of "rule" and "institution"?

I will say, first, that the overall research program of the economics of convention departs from two dominant and opposed theoretical views. These views (the perfect market and the macro-structures views) try to explain from an external point of view how people are able to coordinate on markets, in firms, or in every ordinary circumstance of life and work, despite the pervasive uncertainty which surrounds individual expectations and actions. Due to this uncertainty, any coordination with other people is a problem. For neoclassical economics, the mechanism which produces this kind of daily miracle is the market. Rational and omniscient individuals negotiate on the market mutually advantageous contracts, which are perceived to be beneficial for the economy as a whole. The macro-structural view says, in contrast, that global institutions and the state, by sets of prescriptive rules, regulate the economy. There is in this view no opportunity for individual actions that could be undertaken autonomously to achieve effective coordination.

The economics of convention aims to comprehend from the point of view of people themselves how they try to solve the problems of coordination which they face on a daily basis. Such a comprehensive approach helps to understand that, to overcome problems of coordination, people are using conventions. The scope of conventions start from local ones, like those developed in family or work life, to more general conventions which, for example, support confidence into money, or define quality standards for products or wage classifications. In my case, I try to follow the definition given by David Lewis (1969) of conventions as systems of mutual expectations. But I anchor it into effective situations of economic or social coordination; and I take these situations to be embedded both in the past, present and future, which is to stress their dynamics. This approach of the economy introduces markets and institutions not as external machineries, but as "devices" which offer people resources in the situations they face to overcome coordination problems. Such devices are to be conceived as stabilizing expectations and offering rules to deal with potential conflicts between actors.

I will take a very simple example to make explicit how I understand the notions of convention, rule and institution: that of pedestrians waiting for crossing a street. Of course things are more complicated than this short example suggests. Nevertheless, for French people living in Berlin, as

myself this year, it is fascinating to see that (most) Germans are waiting to cross the street until the light turns green (walk), even though no cars are in view. French people would have seized the “no cars” opportunity to cross the street without waiting for the green light. I must say that, in general, even if there are some cars coming, French pedestrians try to slalom between the cars to access the other side of the street. In Germany and in France, institutions (the “code de la route”) ruling the pedestrian and car behavior are similar, and so is the problem of coordination met by them. However, French and German people act differently. The standard view with its moral background – so widespread in Germany – would say that French people are transgressing the rules, putting other people into danger, while German people, by respecting the rules, coordinate more efficiently and surely. And it is not uncommon, even in Berlin, when somebody does not wait until the lights turn green, to observe gestures and even open reprobation from other pedestrians. In practice, German people are following a convention, backed by shared knowledge, that one must respect the rules. German pedestrians and car drivers are expecting from each other that they follow this convention, that is, that they respect the rules. To be persuaded, look at the way by which drivers are taking an aggressive start as soon as their light turns green. Drivers do not expect pedestrian to be so crazy that they cross the street when the light is green for the cars. “French coordination” to solve this street problem is more complex, and helps to understand other aspects of coordination by conventions, namely that rules are considered only as references for people to grasp the problem of coordination they face. A collective and in-process interpretation of this reference will follow in situ between the actors. In the same way, it will consist of the development of mutual expectations between the pedestrians and car drivers at work to solve their problem of coordination. They will adjust to each other in the situation, so that, regardless if the traffic light is green or red, circulation continues without accidents. This outcome requires that each side interprets the signs that are sent off from the other side about its intended conduct. It also means that actors can signal by, for instance, deviating a little bit from its trajectory, slowing its speed, accelerating its move, or delaying it.

In other terms, conventions as systems of mutual expectations are for actors key tools to be able to coordinate, and for researchers the key features from which to start their inquiry into economic coordination. For instance, in the above so-called “German” case, the convention is to re-

spect the rules. Rules are either written or incorporated (into technical objects for instance) references that help to build a frame for interpreting what is going on into the situation and to adjust to its course, as in the traffic light example. But only conventions allow achieving in situ the workable (hence right) interpretation as, in the “French” case, the in-process mechanism of mutual adjustment. Institutions are sets of procedural and substantive rules, which pose the general framework for the coordination. In situations where coordination develops without “accidents”, they are ignored by the participants, hence not existing in some way for them. I would nonetheless say that institutions are always present in situations of coordination, at least at their horizon. Institutions “act” as common knowledge (CK) devices of last resort. When entering a situation, people know in advance that, if some accident or conflict occurs during the course of their coordination, there are procedures and resources available to set the issue and find a fair solution. In the traffic light case, if some pedestrian or driver causes an accident, this means to call the police, to contact the insurance systems, and if necessary, go to the courts. Institutions are decisive as horizon to the coordination, but they are not playing the game by themselves. Coordination only occurs through the active (and sometimes innovative) mediation of conventions and interpretation.

### 3. What would you say is the contribution of EC to the research about institutions and what are the different perspectives of the EC on institutions?

So many pages have been written on institutions that, by putting them next to each other, they would reach around the globe. And in my answer I will add some! Of course the “problem of the institution” is one of the most fundamental in social sciences. Mostly, institutions are conceived, with regards to coordination, either along an instrumental view or along a determinist view. These views are the two poles between which the EC contributions have to find their right place.

In its founding manifest – *Revue économique* 1989 – the EC program considered any coordination between individuals as double-sided. It apprehended coordination both as the outcome of individual actions and as the framework constraining their action. In other terms, the manifest joined the preceding views into one, while not explaining the reason for doing so. While keeping a “refined” indi-

vidualist posture, it nevertheless distances itself from the neo-classical program in considering that individuals are unable to act purely as if they were alone (hence, the conventions make expectations possible). But such deviance is not enough, as it appeared, to sustain the ambition to build an alternative framework to neo-classical economics. What was missing to provide solid foundations to the economics of convention was the collective and social nature of the worlds in which every individual lives. One can see institutions as the way by which the collective and social dimensions take presence within a process of coordination. However, to bring in a fresh contribution, something more was required on reasonability and institutions conceived as practices.

Firstly, standard (or limited) individual rationality must be replaced by a wider framework, that of reasonability. In a reasonability framework, individuals know that they are living in society and, consequently, they know that, to be heard and understood when they act, they should be ready to exhibit general reasons for their behavior (for instance to follow some shared principle of justice, or to respect their promises). Not only in arguing, but in their action, people must signify that they are aware of collective values. Of course they have a total freedom not to do that and they could be merely opportunistic, especially since collective values can be interpreted differently in a given singular situation, which is to say that values can turn into objects of controversies. However such individuals run the risk to be disqualified in their claims or interests. The EC view of reasonability relies on the works of social philosophers like John Rawls or Amartya Sen for who collective values (and especially social justice) are mutually expected references between people when they coordinate. Note that, in this perspective, the EC tends to depart from researchers like John Elster or Mark Granovetter who keep the standard view of rationality.

Secondly, one must apprehend (following Rawls on that point) institutions as practices. On the one side, in the EC framework, institutions implement common goods, principles of social justice, preconceptions of the individual (to some extent an expectation with regards to his/her behavior: is he supposed to be opportunist or reasonable?). Due to the plurality of values, principles, common worlds, for a given domain a wide diversity of institutional settings can emerge, as one can discover when comparing societies among space and time. On the other side, to take institutions as practices means that one should be aware that institutions are always embedded into processes of imple-

mentation, interpretation and revision which develop through social practices. One must distinguish between the "text" of an institution (its declared intentions and goals, its formal rules as written into law, regulations and so on) and its practical meaning when at work in a situation of coordination. Take, for instance, systems of unemployment insurance. They have been established for securing unemployed people and for giving them enough time to find a new job. However, their practical meaning can be different. Employers, being aware of these systems, can plan job redundancies with the hope that workers can accept them with less difficulty than in case that no insurance mechanism exists. In such situations, far from struggling against unemployment, these systems favor job cuts, sometimes with the implicit agreement of part of the workers. The last word, if I could say, will be given by the set of conventions between people. One should have a pragmatist approach to institutions. For they are always seized in a dynamics that mixes implementation and revision, that gives birth to unexpected interpretations and sometimes opens the road for institutional innovation.

Within the works of the EC's founders, one can find an array of positions from works close to formalized evolutionary approaches (André Orléan) or to revisited limited rationality (Olivier Favereau) towards research close to the above developments (François Eymard-Duvernay, Laurent Thévenot and myself), which I believe is the most promising for the next years.

**4. From the standpoint of economic sociology, the EC is exceptional because from the beginning it is an interdisciplinary movement where sociologists, economists, statisticians, economic historians are working closely together. How do you explain this successful cooperation and how do you evaluate this kind of interdisciplinarity? Can one speak of specific contributions of different disciplines to EC or is EC better conceived as a transdisciplinary movement with its own transdisciplinary logic and dynamic?**

At a first level, to be interdisciplinary can be viewed for the EC as a strategy of development and survival in an extremely hard and hostile atmosphere, that of standard economics. One should be aware that, should he come

today, Keynes with his wonderful and precise theoretical, but literary language, would be considered by standard economics at best as a political economist. Whatever he would develop, his powerful intuitions and ways of thinking would today have no access to the most prestigious journals in the field; his ideas would not be seriously considered or even known in central banks and in other macro institutions. It is therefore I say that gaining allies in other disciplines helps to survive and to be positively evaluated in social sciences.

At a deeper and more fundamental level, it is easy to discover that the major oppositions which historically structure research in economics (for instance, instrumental rationality versus reasonability; or individualism versus holism, or the search for some compromise between) are to be found in other social sciences. This means that it is very fruitful to look at the way other disciplines frame your question within their own discipline, how they develop their methodologies, and what empirical facts they bring to the debate. Exchange and cross-fertilization can follow in a mutually beneficial process. EC founders were prepared for interdisciplinarity. All of them have developed links, for intellectual reasons as well as through friendship, with other scientists (to your list I would add lawyers, especially in labor law). For my part, I develop research relations with economic and social historians and it has worked, in the sense that historical research, in France and in the UK, has begun to reformulate in its own way the basic concerns of the EC, for example to consider the role of expectations or to look at products as incorporating sets of social and economic conventions between people.

Interdisciplinary research faces some particular difficulties. In the EC case, difficulties come from the interested and ambivalent way by which, too often, some sociologists in particular (at least in France) consider economics. Sometimes concepts are borrowed from economics without making in-depth critics of what a concept means in its disciplinary environment and semantics (remember, for instance, the use of the concept of "capital" in the works of Pierre Bourdieu). Moreover, some researchers prefer to have a schematic view of what is going on in the competing fields, because it is easier to fight against an enemy you have chosen and predefined. This is also true of economics, which often uses an ad-hoc sociologist explanation for phenomena it cannot yet include in its theory or which takes an imperialist posture for explaining all social phenomena by extending the market model.

Instead of deciding between interdisciplinarity or trans-disciplinarity, my conviction is that one must develop research programs (for instance on institutions or public policies), common to the social sciences concerned by the core issue. This would mean that each discipline has an open mind to what others develop, at the same time as one is willing to renew (if necessary) one's own field of research. Maybe such a research strategy will help to develop a new discipline or subdiscipline (like socio-economics or economic sociology). Adopting an open and less finalized cooperation could be the best in the long run and would create room to basic innovations. It is, more or less, the strategy we had in the EC and that I believe one should continue to develop.

### 5. In the last years you intensified your research about the state and about Europe. Could you sketch the relation between the two topics and the way EC approaches them?

In modern social and political thought, the state has had the greatest difficulties to positively exist. For instance, one can find no reference to the state in the index of the Theory of Justice by Rawls (1971). Schematically said, the standard view is to see the state as external (and opposed) to society, as in the concept of "civil society". The state becomes an impersonal bureaucracy making intrusion into the private sphere. It is seen as full of civil officers or politicians pursuing their own interests under the veil of the general interest. This leads to a special conception of democracy. Democracy is viewed mostly as a mechanism by which citizens can control and limit the activism of the state, but not as a commitment for citizens to act themselves in direction of the common good. For European countries, difficulties to conceptualize the state are growing, due to the fact that the Brussels institutions threaten the national states. Through the restricting of their past competencies, or via the obligation to incorporate European rules more or less foreign to their own traditions, national states are progressively viewed from Brussels as obstacles to overcome. Furthermore, the theoretical status of European institutions remains unclear; it appears as a composite, but not yet identified object for the social sciences (see Salais 2007a).

The current situation can be an opportunity for the EC. The EC should develop a positive theory of the state. Under the condition, in my view, that the EC does not forget that it

develops itself within the French tradition of thought with regards to the state, citizenship, democracy and the *res publica*. This is the assumption I follow in my researches. By this I do not mean that the French political model, being presupposed universal, should be universally adopted (notwithstanding the fact that, historically along the 19th century and perhaps later, the reference to the French revolution of rights was the motor for democratic movements in Europe). The EC should rather develop this model as a theoretical model, apt to grasp the diversity of political conceptions of the state (even the negative ones) – and to be universalistic in that way. This would require establishing some basic assumptions or axioms.

Hardly any work has been done in this direction. For my part, I try to establish intuitions upon rather robust, theoretical and empirical foundations. A first intuition (Salais/Storper 1993; Chapter IV.1) is to consider that what the state should do is the object of mutual expectations among actors. In that sense, the state becomes a convention between people, and the state is no longer external to the political community. Instead it is an affair of the community, to which it belongs. This implies that persons become members of the state, which means that, through deliberative democracy, they take an active part to the formation and implementation of the common good. By this reciprocal move, the common good becomes the “public thing”, and persons become citizens.

In such a theory, the state is expected by people to deal with the coordination failures which happen when expected common goods cannot be achieved. In other terms, the state has something to do with the gap which, unavoidably, arises between the process of coordination among individual actions, on the one hand, and the collective common good that society aspires to, on the other hand. For instance, as Keynes demonstrated, full employment can be pursued as a desirable objective, but it is most likely that individuals’ actions do not spontaneously achieve this. Hence a gap arises between individual coordination and the objective, which both justifies the existence of the state and frames its policies to reduce unemployment. Depending on the conception of the state dominantly at work, public policies have to be sensitive to the failures of the coordination process, and complement or supplement the process to reach the common good. Several conceptions of the state can be developed by an approach of this kind. In the neo-liberal conception for instance, the premise is that no common good is possible, only private goods whose satisfaction should be favored

while at the same time respecting some basic rules (like the principles of justice in Rawls’ conception). In that case, one can say that a convention of the “absent state” was developed. In other conceptions, the state is present in various elaborations (see, below, the convention of the “situated state”).

However – here is our second intuition – for the common good to be pursued by the community, the gap between its achievement and the outcome of individual coordination should be the object of cognitive elaboration and become common knowledge within the community. Being objectified and publicly stated, this gap, so constructed, helps formalizing and legitimating policies, and evaluating their effectiveness. For instance, to reach full employment can be pursued as a collective objective only if the category “unemployment” has been invented. This gap can become the object of public measurement (through statistics and management), and policies can be targeted towards its reduction. In other terms, the informational bases which orient public policies and on which these policies rely, are one of the key entries to elaborate a positive theory of the state. History of cognitive categories which found the action of the state has been one of the sources of the EC (through the seminal works of Alain Desrosières and others). Not surprisingly, here one can discover a linkage between the EC and the works of, for example, Amartya Sen. The EC focuses on the diversity of informational bases of judgment on justice which legitimize public policies, in particular social policies (see the forthcoming issue 18/2008 of *Raisons Pratiques*, L’enquête sur les capacités). I am currently coordinating a European research program on these issues, precisely on the relevance of the Sen’s capability approach for social policies (6FP Integrated Project CAPRIGHT. See the website [www.capright.eu](http://www.capright.eu) ).

Let me conclude by sketching what could be a convention of “the situated state” in the case of Europe. As theoretical objects, “situated” states are fascinating. Firstly, they start from the premise that the common good cannot be a priori defined from the top by general categories, but nevertheless can be defined in situation by actors. Specifying the common good as well as implementing it can only be achieved through its indexation to the “local” specificities. For instance full employment is depending of so many factors varying from one context to another that only actors embedded in the situation are able to acquire the required practical knowledge and to set the issue in relevant terms. Secondly, situated states start from the premise that people are capable to act towards the common good.

Such premise can be criticized based on its naïveté to speculate on the a priori good morality of human beings. Things can be different, however, if public action conceives its procedures and tools in such a way that the premise of personal capabilities becomes self-fulfilling. Learning by doing's schemes should be implemented. One can find many intuitions of such self-fulfilling processes generating capabilities in political philosophy. According to Tocqueville (e.g. Millon-Delsol 1992), the development of such capabilities can be built upon proximity: between people, with the objects of the situation. Such acquaintance and indexation to the situation create for the involved people a practical knowledge, which can be adequate to formulate and achieve the common good.

Far from being abstract, a perspective like this could be adequate to deal with the difficulties that the political building of Europe is facing today. The social heterogeneity among countries is so wide that imposing uniform and standard rules from Brussels raises growing political resistances. Opting for a convention of the situated state would, by contrast, allow European common goods to be concretized in situations (for instance at the levels of the member states, or even and probably better, at local levels like regions, sectors or professions). Letting local actors start from their practical experience and implement such defined European common goods in a similar fashion would provide them with capabilities to build Europe and to make it their own thing. Diversity would become a resource, not something to eradicate. For the Brussels bureaucracy, the price to pay will be to abandon its strategy to control the process by setting general and non disputable rules. If European citizens could see that they have a voice at their own level in the European process, they would perhaps begin to consider Europe as a collective project to which they could commit themselves, and not only as the private affair of some unknown and remote elite.

## A brief summary of Robert Salais' career and works

Salais studied economics and statistics at the *École Polytechnique* and the *École Nationale de la Statistique et des Études Économiques* (ENSAE) in Paris. In the 1970ies and 1980ies he worked at the INSEE (*Institut National de la Statistique et des Études Économiques*), the French national institute for statistics and economic research, where in the 1980ies he participated at a group of researchers, to

which Laurent Thévenot belonged. This group contributed to research in the area of employment and socio-professional categories and employment relations from the standpoint of the EC (Salais/Thévenot [eds.] 1986) but the group also started to work about unemployment and the history of this category (Salais/Baverez/Reynaud [eds.] 1989). Later he was CNRS-research director at the IDHE (*Institutions et Dynamiques Historiques de l'Économie, ENS-Cachan*) in Paris. With his new group he did innovative research about the theory of institutions and the role of the state for economy (Salais/Chatel/Rivaud-Danset [eds.] 1998). His latest research focuses on the *European Community and Economic History* (Salais/Villeneuve [eds.] 2004).

Salais was research fellow at the *Wissenschaftskolleg zu Berlin* (WiKo) in 2005/2006, and since 2006 he has a guest professorship at the *Wissenschaftszentrum zu Berlin für Sozialforschung* (WZB).

Concerning the approach of EC, especially the works of Robert Salais contributed to their international reception. On the one hand because he early published results of the EC in English, on the other hand because he is one of the first who applied this new approach to international comparative research in transnational cooperations (Storper/Salais 1992, 1997; Salais/Storper 1993; Salais/Villeneuve [eds.] 2004) as later did Laurent Thévenot (Lamont/Thévenot [eds.] 2000) and the group of Eymard-Duvernay (Bessy/Eymard-Duvernay/Larquier/Marchal [eds.] 2001). Salais also wrote the first German introduction into this approach (Salais 2007b).

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## Book reviews

**Book:** Lucien Karpik, 2007: *L'économie des singularités*. Paris: Gallimard.

**Reviewer:** Johan Heilbron, Centre de sociologie européenne (Paris) [heilbron@msh-paris.fr](mailto:heilbron@msh-paris.fr)

### Making sense of singularities

In his new book, Lucien Karpik argues that a wide and increasing variety of exchanges do not correspond with the assumptions of standard economic models. In many areas of economic life, goods and services are neither homogeneous (as is supposed in models of perfect competition) nor similar with minor variations (as is assumed in models of monopolistic competition). Good wines, songs, juridical and other professional advice, literary books, movies and many other products are what Karpik calls singularities. Singularities are products or services that are primarily defined by their quality and that are never fully comparable with one another. In understanding the production of movies, for example, every movie is, ultimately, a unique product, in spite of the comparisons and classifications that people use to make sense of its meaning.

There are traditionally two ways of understanding this particular class of products. Economists tend to reduce the issue of quality to pricing, assuming that price differentials adequately reveal differences in valuation. But since qualitative differences disappear in this manner, Karpik is not satisfied with such an approach. Markets for singularities, he argues, are characterized by the search for *good quality*, and price competition is less important than quality competition. The other strategy for dealing with the problem is by separating singularities from market exchange, delegating them to the realm of culture, as some anthropologists have done. Karpik is not satisfied with this perspective either, since singularities are actually exchanged on markets, and are therefore not merely cultural constructs in the realm of meaning.

*L'économie des singularités* is a bold and original attempt to show how we can analytically make sense of this type of market. Although it is primarily a theoretical or conceptual book, Karpik presents several empirical case-studies to substantiate and illustrate his claims. In a review of what

economists, sociologists and anthropologists have written about the topic, Karpik first defines the issues at stake. Singularities, he argues, should be conceived as multidimensional goods or services that are primarily defined by their quality or by their combination of qualities. While a professional advice may be a relatively straightforward service, a movie, for example, is typically defined by a constellation of qualities (characters, story, sound, visual arrangements). Since there is no objective measure for these qualities, singularities are characterized by uncertainty. There is no way we can objectively value a Rembrandt etching or a Warhol print, and in the end singularities therefore remain incommensurable.

Since there is no common metric, no unanimity about quality, and a plurality of preferences, markets for singularities are complex institutions. Consumers do not act on the basis of decision making, but rather on the basis of *judgement*. Whereas the first tends to rely on calculation, the latter predominantly uses qualitative criteria. Markets governed by prices thus need to be distinguished from markets governed by judgements. In order to make these judgements, people make use of a variety of socially constructed devices: guides, ratings, reviews, interpersonal networks and the like. These devices, which have to be credible in order to be trusted, allow consumers to be sufficiently informed for making reasonable choices.

Markets for singularities can thus be defined as sets of relations between singularities, *devices of judgement* (*dispositifs de jugement*) and consumers. But for Karpik neither the singularities nor the consumers are simple entities. Goods and services are subject to processes of qualification and requalification, whereas consumers have a variety of goals and values (in contrast to *homo economicus*, Karpik speaks of *homo singularis*).

In order to mobilize this conceptual apparatus in empirical research, Karpik's analysis is focussed on *regimes of coordination*. These are specific configurations of singular products, devices of judgement and consumers. The functioning of regimes of coordination revolves around product qualification. Such regimes fall into two broad categories: impersonal and personal. Impersonal regimes rest on guides, rankings, and classifications that exist independ-



ently from the person who uses them, personal regimes rest on interpersonal networks.

Elaborating this distinction, Karpik proposes a typology of coordination regimes, which he develops on the basis of well chosen empirical examples. Among the impersonal regimes, quality wines represent a regime of *authenticity*, luxury goods a *mega regime*, literary and other prizes a regime of expert opinion, popular music a regime of common opinion. Among the personal regimes of coordination, he distinguishes regimes of conviction, professional regimes and an inter-corporate regime. Since quality precedes price, prices are only a secondary characteristic of these coordination regimes.

Karpik has tackled an intriguing question to which he proposes a well argued approach that is nicely illustrated by empirical examples. It is too early to tell what exactly the merits and weaknesses of Karpik's theoretical framework will turn out to be, but given the challenging topic, his systematic analysis and imaginative case studies, an English translation would be more than welcome.

**Book:** Dal Lago, Alessandro/ Serena Giordano, 2006: *Mercanti d'aura. Logiche dell'arte contemporanea*. Bologna: Il Mulino.

**Reviewer:** Agostino Massa, Università degli Studi di Genova, [agostino.massa@unige.it](mailto:agostino.massa@unige.it)

*Mercanti d'aura* is a study in sociology of art but, as the title itself suggests, it is relevant for economic sociology, too. According to its authors, it is set to fulfil the very demanding task of unveiling the discursive logic governing the world of contemporary art. It also gives interesting hints about the social construction and functioning of the art market. A key thesis, among others, is that "contemporary art is a cultural sphere which expresses, more than any other one, the mercantile nature of our world" (p. 239, our translation).

A four-handed production by Alessandro Dal Lago, a prominent Italian academic sociologist, and Serena Giordano, an adjunct professor of communication and an artist herself, the book benefits from the competencies and sensibilities of both authors.

This work does not refer to any specific empirical research but is a theoretical consideration of all forms and facets of contemporary (visual) art. As the authors reckon, "in this book we deal with the production of art, its circulation and its selling, but also with art's boundaries, and therefore with inclusions and exclusions" (p. 21). These are recognizable as traditional topics in sociological analysis, since the contributions on relationships between art and society by Georg Simmel, an author important in Dal Lago's cultural background (see his *Il conflitto della modernità*, Il Mulino, Bologna 1994).

Divided into six chapters, the earlier parts of the book offer a logical typology of contemporary art focusing on the processes and conventions at the basis of its social construction, by means of which the artistic discourse discarded its traditional dimension. In the latter chapters, the book deals with the social conditions of existence of contemporary art, with regard to institutional and economic contexts as well as the legitimation of new forms of artistic expression.

The core issue discussed in this study is to understand under which conditions something (an artifact, or even a performance) can be considered as a piece of art and therefore be sold and bought in a market. While this question seems not difficult to answer when considering traditional art, it becomes rather challenging with regard to contemporary art. For example, Dal Lago and Giordano try to explain how a pissoire can be considered a landmark in contemporary art (as in M. Duchamp's *Fountain*, 1917) or how it is even possible to sell a painting made by tying a paintbrush to a donkey's tail (Boronali's *Coucher de soleil sur l'Adriatique*, 1910).

The authors suggest that the answer to these questions can be found in the concept of *aura*, term coined by Walter Benjamin in *The Work of Art in the Age of Mechanical Reproduction* (1936) to signify the sense of distance, awe and reverence that is experienced in the presence of unique works of art. For Dal Lago and Giordano, *aura* means the set of social and cognitive frames which lend the halo of uniqueness to art in the public's eyes. And if what is really traded in the art market is aura, it is therefore necessary to understand how an aura is attributed to a work and by whom.

The problem is to identify the procedures and the conventions underpinning the processes of attribution. As a wordplay, we could say that an artwork must be put into a

proper frame. In practice, it is basically a matter of circumstances. When something is offered to the public in an art gallery, the object can actually be considered as a piece of art. It is up to the museum curators, art gallery managers, critics, and other professionals – the *organizational field*, we could also say – to confirm an object's artistic status. The process is not always smooth, and the authors show cases of works close to or beyond the limit of inclusion within the boundaries of *art*.

Back in the '30s, Benjamin feared that aura could be endangered by the emergence of contemporary art. Aura, he wrote, faced risks including: *secularization*, due to the access of the masses to art enjoyment; *mechanization*, because of the new possibilities of art reproduction; and ultimately a *funeral*, because of the continuous search for new materials and languages by the avant-garde. Nonetheless, very far from disappearing, aura has survived its transformations and today it is still "alive and... selling".

The book stresses that the cultural and economic dimensions of the issue are closely connected, focusing on the social processes underlying the creation of market prices. Curators and critics are those who may say what is *art* and what is not. They actually make the artists and art works. Without them, buyers could hardly choose what to buy and artists could hardly sell their works (p. 96). Critics actually guarantee the value of art works, determining the success or failure of the producers as artists.

After more than two hundred pages devoted to shedding light on such processes, the authors' proposal is finally to demystify aura as "a world of practices, in which some sense is produced, re-elaborated and, obviously, sold" (pp. 244-245) through the activity of many different actors. This reduces art's distance from everyday experience, in contrast to the perspective of many well-known sociologists (among others, Adorno and Bourdieu) who set art apart from everyday life.

Coming to some final remarks, we consider *Mercanti d'aura* in part a very deep sociological analysis of the social processes at the core of contemporary art, and in part a divertissement (for both the authors and their readers) played at a very high cultural level. Both paths flow into an original conclusion. The book is very pleasant to read, enriched by more than 50 pictures of the pieces of art which are discussed through the chapters, but at the same time its footnotes and bibliographical references are detailed and impressive as befits a serious scholarly work.

**Book:** Walby, Sylvia/ Heidi Gottfried/ Karin Gottschall/ Mari Osawa (eds.), 2007: *Gendering Knowledge Economy: Comparative Perspectives*. New York: Palgrave, Macmillan.

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As many advanced industrial nations transition from manufacturing to service-based economies, the rise in knowledge-intensive work has been matched by an increase in *flexible*, non-standard employment forms. The authors of *Gendering the Knowledge Economy* argue convincingly that these changes are not gender-neutral: in fact, as the chapters in this cross-national, multi-method edited volume show, gender is implicated in the very definition of *knowledge work*, as well as the forms and regulations of employment in the new economy. Drawing on empirical research in the United States, United Kingdom, Germany and Japan, this volume is the product of a team project on Globalization, Gender, Flexibility and Work transformation. The project, known as *GLOW*, has been funded by several sources including the Japanese Ministry of Education, and Germany's Hanse Institute for Advanced Study.

While the contributors to the volume use a variety of methodological approaches – including comparative methods, ethnographies, participant observation, interviews, surveys and secondary data analysis – the chapters are linked by central questions, such as: are these transitions in employment and occupational regulation gendered?; and how does the *knowledge economy* and the characteristic employment forms of the new economy affect female workers, sex segregation in the workplace, and the quality of working life cross-nationally? In order to contextualize these questions, Sylvia Walby's introductory chapter offers a theoretical framework that positions the volume with a fresh view of debates within the literatures on varieties of capitalism (Hall and Soskice), the knowledge economy, and the comparative analysis of gender relations. In addition, several of the chapters engage explicitly with theories of knowledge and transfer, with theories of deregulation (Crouch and Streeck), welfare regimes (Esping-Anderson), male breadwinner (Lewis) and gender regime (Walby).

The findings indicate that the *knowledge economy* has by no means eradicated gender inequalities. For example, sex segregation persists in the four countries despite policies to promote equal treatment at work. Some surprising reconstructions of gendered patterns and constructions of particular workplace settings have been occurring, but

women are overrepresented in non-standard employment forms. Even though women are one third of employees in the Information and Communications Technology industry, they are clustered in the low-skilled data entry jobs; highly skilled occupations – such as computer scientists, software developers, engineers and programmers – are male dominated (Shire chapter).

However, determining the representation of women in the *knowledge economy* depends on how *knowledge work* itself is defined. For example, if the category is expanded to include jobs in education and health, women account for well over half of *knowledge workers* (Shire chapter). Surprisingly, these patterns are similar across the four countries despite differences in women's tertiary education and other factors. Because these definitions of what counts as knowledge work are so crucial to gender relations, several chapters explore the very notion of *knowledge*: for example, what sectors, occupations, professions, and forms of *knowledge* are considered part of the knowledge economy, and what this means for highly-gendered occupations like care work (Karen Shire, Nishikawa and Tanaka, Susan Durbin).

Several chapters examine how gendering, de-gendering or re-gendering processes occur in the new economy, within the non-standard forms of employment in which women are disproportionately found. These include a comparison of self-employed *new media* workers in the cultural sector (for example, journalists and web designers) in the US, UK, Germany and Japan (Karin Gottschall and Daniela Kroos, Diane Perrons), studies of home care and child care workers in Japan (Makiko Nishikawa and Kazuko Tanaka, Diane Perrons), and research on call-centers in the UK (Susan Durbin) and Germany (Ursula Holtgrewe). The latter two chapters illustrate the consequences of varying definitions of *knowledge work*. While in the UK most call center employees are female, Holtgrewe shows how German banks bypassed adult women for those jobs in favor of college students of both genders. The banks redefined job-related *skills* in terms of the students' *personality* and *flexibility*, while simultaneously devaluing the adult women's qualifications, such as previous work experience in the service and finance industries (Holtgrewe p. 264).

The emergence of new forms of employment, as well as new legal regulations promoting gender equity at work, are occurring within a complex setting: the intersection of

globalization with individual nations' development trajectories in terms of capitalism, welfare states and gender regimes. This issue is addressed explicitly in several chapters, including that of Ilse Lenz, who explores the varying success women's movements have had in applying international norms of gender equality (for example, non-discrimination based on sex) to promote change in national-level workplace regulations. For example, due to these efforts, part-time workers in the UK now have the same rights and benefits as full-time workers, as a result of European Union norms against indirect gender discrimination. Similarly, Glenda Roberts' compares company-specific gendered regulations in two companies in Japan, one Japanese-owned and the other part of a US multinational. The example demonstrates the influence of global norms, since the US multinational firm brought its norms of gender equality in promotion and management to Japan, while the Japanese company offered flexible family care leaves, enabling women employees to combine family and work responsibilities. Finally, Mari Osawa's chapter examines the history of gender, work and social policy through Japan's *livelihood security system*: a web of support systems consisting of the state, the family, and business institutions and practices. She argues that path dependencies in the Japanese welfare regime maintain both traditions in both production and gender relations.

Hence, the volume offers an innovative, theoretically grounded, and nuanced analysis of the global economy (including the emerging knowledge economy) in a range of work settings, regulatory regimes and political perspectives. The comparative analysis enables us to see how gender still shapes work settings and regulations in complex interaction with varieties of capitalism. However, it was surprising that few case studies explored the US more in-depth, or dealt with gender relations in science-based, high-tech industries. Nor did any of the chapters consider migration, although it is obviously linked to the *knowledge economy* through *brain drain* and globalization in the organization of care work. Overall, however, this volume contributes to our understanding how gender matters in the knowledge economy; indeed, it illustrates how our very definitions of the knowledge economy to be has gendered implications. Hence, future research on both varieties of capitalism and the knowledge economy need to take not only class but also gender and the intersections of class and gender into account.

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