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A DUTCH TREAT: ECONOMIC SOCIOLOGY IN THE NETHERLANDS

By

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1. The demise of sociology

a. *failed professionalization*

Sociology in the Netherlands is a marginal enterprise in the academic marketplace. Peaking in the sixties and early seventies, by the end of the 20th century, sociology (and with it: political science) has been reduced to a dismally small scale. In 1965, a little over one-third of all new students in the social sciences were in sociology (666 students). Since then the share has progressively decreased: in 1999, not yet 4% (253 students) of new social science students chose sociology. Obviously, sociology did not profit from the huge increase in the absolute number of enrolments in the universities, as the actual number of new enrolments in sociology has fallen continuously since the early 1970s. As a result, the sheer possibility of studying and majoring in *economic* sociology has disappeared. In the sixties and seventies of the past century, several chairs in the field existed in Dutch universities. Today, not one of them is left (to some extent, the same holds for chairs in the sociology of organizations and industrial relations, but these topics have become part and parcel of new curriculae of, in particular, business studies). Also, the number of universities offering a curriculum in sociology has decreased considerably in the past decades.

On the other hand, the popularity of studies like psychology, economics, law, and business and policy studies remained unabated (psychology, economics, law) or actually increased (business and policy studies) in the same period. This has led some observers (Glebbeek/De Vos 2001) to the conclusion that the success of a discipline is dependent on its professional status and identity (Van Rossum 1985). In this respect, sociology is depicted as a critically incomplete profession. The discipline is focused on academic research and lacks a theory on the relationship of sociology and policy.[1] This is repeated in the professional code of Dutch sociologists, in which scientific responsibilities are underscored, and social responsibilities do not figure. A failed process of professionalization, leading to an incomplete professional status, has thus contributed to the waning of the sociological discipline and, by implication, to the disappearance of chairs in economic sociology.

b. *a theoretical 'cul de sac'*

There is no and there never has been an autonomous Dutch tradition in sociological theory (with a possible exception in sociography). Most chairs in sociology date from after the Second World War. Their inhabitants borrowed extensively from theoretical perspectives developed abroad, in particular Germany and the United States, and to a limited extent also

[1] The point is well taken, but the question of course is why general economists – quite proficient and numerous in policy – can do without such a theory and sociologists cannot.

from France. Functionalist sociology predominated – although far from uncontested, in particular in Amsterdam, where from the 1960s on an outspoken form of sociology (figurational sociology, inspired by the work of Norbert Elias) developed. As such, the 'coming crisis' of sociology (Gouldner) was not met by a recognizable Dutch sociological tradition in theory and research. Consequently, Dutch sociology proved all too open for influences from disciplines like the philosophy of science and social philosophy, leading to a further dilution of the possibility of an identifiable and agreed-upon core of the discipline. A second consequence has been the growth of an empirical and inductive style of sociology, specialized in advanced methods of data analysis and with a rather tenuous and ad hoc commitment to theoretical perspectives and traditions. To a certain extent, this style of sociology is policy-oriented (and notwithstanding the lack of a theoretical nexus with policy mentioned above).

One explanation for the dearth of a corpus of sociological theory is particularly relevant for economic sociology. It consists in the idea that the division of labour in the social sciences – more specifically: the transformation of classical political economy into neo-classical economics and the juxtaposition of classical sociology in the ensuing void – is the root cause of the theoretical deadlock in sociology.[2] The way out, therefore, is a re-unification of theory and research of economics and sociology, elaborating a unified model of man along the guidelines of a strict methodological individualism (Arts 1976; Lindenberg 1986; Wippler 1987). It should lead to an infusion of the analytical primacy of the society in economics (bringing back the promise of classical political economy in economics), and of the theoretical primacy of individual action in sociology (delivering the promise of sustained theory development in sociology). This idea of going back to the 18th century Scottish (Smith, Ferguson) programme in political economy and moral philosophy has had a follow-up in the very productive research school ICS (Interuniversity Center for Social Science Theory and Methodology) with branches in the Universities of Groningen, Utrecht and Nijmegen. The ambitious goal is to create a general theory of social science, obfuscating along the way the need for a sub-discipline of economic sociology.

Apparently, sociology in the Netherlands is still looking for a practice (witness the complaint about its stultified professional development) and a theory (witness the demand for Scottish pins, natural propensities and the invisible hand of market society). In conclusion, this is not an excellent base for future growth nor, subsequently, an ideal environment for a flourishing economic sociology. If nothing else, it is a demise.

2. From sociology to business and policy…

Traditionally there have been a few pockets in Dutch sociology in which science and policy were intertwined practically from the beginning. These are the sociology of work and industrial relations, and the sociology of labour markets. Interestingly enough, these sub-disciplines in sociology spilled over into economic sociology. The insertion of labour market studies into a broad sociological ('economy and society') framework[3], is especially prominent in the work of Van Wezel at Tilburg University (see below par. 4). The insertion of studies on work and industrial relations in economic sociology has produced one of the few introductory

[2] A sociological theory about the causes, and not merely the consequences, of the split between a new but restrictive science of economics and a juxtaposed sociology in the later part of the nineteenth century seems called for but has so far not been provided.

[3] 'Economie en Samenleving' ('Economy and Society') is the title of a recent major study by Van Wezel (Van Wezel and Havekes 1995).

texts on the field in the heydays of sociology (Van Zuthem 1973)[4]. It derives its sociological and policy-prone imprint from its focus on the problem of the distribution of power under the dual aspect of (economic) norms of efficiency and (social) norms of equity. Theoretically, it is a very subdued introduction indeed. Insofar as theory plays a part at all, it echoes Parson's structural functionalism. The emphasis, however is on the parties involved in the economic process (employers, employees, consumers), i.e. on 'social integration', to the relative neglect of both 'system integration' and of the micro-foundations of a theory of action.

More daring were the attempts, also during the seventies, to forge a new economic sociology (or sociological economics) at the University of Groningen with Huppes as a driving force (Huppes, ed. 1976). Here, the integration of the two disciplines reached the agenda and, for the first time, the importance of an adequate theoretical framework, to be rooted in theories on 'social exchange' and illustrated by means of a hypothesis on 'anomie and inflation' (Huppes 1976), and the necessity of learning from one another's methodologies and styles of data collection and analysis (Gadourek 1976) were pushed. On the other hand, theory and methodology at the time were worlds apart in this endeavour, and the enthusiasm of the economists was, to put it mildly, lukewarm at best.

This initiative was discontinued relatively quickly and, within sociology and within Groningen, one had to await the initiatives of the ICS-group for a revival of the interest in an integration of economics and sociology. That is not to say that the study of economic phenomena was discarded at Groningen University. An active group of sociologists, headed by Lulofs, produced a series of good studies in the fields of the sociology of labour markets, industrial relations and enterprise social policy – shading off into HRM – and inequality (Buitendam, ed. 1987). Partly, however, and after Lulofs had become an *emiritus,* the sociologists concerned became associated with the ICS, partly they went into the booming sector of business studies.

Concomitant with these developments, sociology lost much of its *clientele*, even so much so that apart from post-graduate research schools like ICS, sociologists had no choice but to look for employment outside their own discipline. As a result, the initiative for studying the possibilities of an interplay of economics and sociology shifted. Its location became the newly founded University of Maastricht, in particular the faculty of economic sciences. This faculty seemed quite intent on studying the possibilities of integrating insights of psychology and sociology into a renewed curriculum and research programme for economics (Keizer and Soeters, eds. 1987). A central idea is 'incompleteness of information', in conjunction with the concepts of bounded rationality, satisfycing behaviour and transaction costs, and the space that this creates for collaboration between the social and behavioural sciences. This is especially prevalent in business economics (for example in accounting[5], the study of organizations[6], and marketing), but also in general economics (in particular in conceptual and empirical studies on utility and preference formation and ordering[7]) and macro-economics (rational expectations, inflation[8] and the functioning of labour markets[9]). Also, in the tradition

[4] 'Inleiding in de economische sociologie' ('Introduction in economic sociology'). In 1984 van Zuthem published an expanded and amended version of the Introduction, under the new title of 'Mensen en machten in het economisch leven; een inleiding in de economische sociologie' ('People and powers in economic life; an introduction in economic sociology').

[5] van de Poel (1987).

[6] Douma and Schreuder (1992).

[7] Van Praag et al (1979, 1985). To avoid misunderstanding: Van Praag is not from Maastricht. Formerly at Leiden University he now has a chair at the Economic Faculty of the University of Amsterdam.

[8] Keizer (1982).

[9] De Neubourg (1987).

of the 'new political economy' with its emphasis on the economics of the public sector[10], tendencies to enrich the economic point of view with insights from the social and behavioural sciences are prevalent. On the whole, however, it is ‘economics plus’ (retaining the image of a strategic actor) rather than a new and social scientific brand of economics (with concepts not just of strategic action but also of action on the basis of affections, traditions and values) that announces itself.

One of the promising meeting points between the sciences is, so it is predicted (Keizer and Soeters 1987: 43), the growing and expanding academic sector of the business and policy studies. As the problems of practice are the starting point in these faculties a multi- or even an inter-disciplinary approach is not just likely, but actually inevitable. This prediction has proven to be correct. The growth of business studies especially has been swift, and some of the best research on topics relevant for economic sociology is conducted within the walls of business studies departments. Next to Maastricht, the faculties in Groningen[11] and Rotterdam[12] should be mentioned.

Nevertheless, despite their relevance for economic sociology, these contributions are at quite a distance from the discipline as such. That does not have to be the end of the story, of course. Both in the economic discipline and in business studies one perceives a growing interest in the concepts of 'trust' and 'solidarity'. This interest is driven by both practical and theoretical problems: the possibility of manageable partnerships, the creation of networks, contacts and durable relationships, the non-contractual aspects of contracts, the taking of decisions under conditions of uncertainty, and the evaluation, production and distribution of risks. Opening up these concepts requires, for obvious reasons indeed, a cooperative effort from several disciplines, with sociology among them.

3. … And to a general theory of social action

The concepts of trust and solidarity have been taken on board by the ICS researchers, as part of their attempt to create a general theory of social action.[13] As already stated the ICS founded its research in taking a critical view on both general economics and sociology. The economic discipline, with its theoretical foundations in the micro-analysis of individual behaviour, often exhibits an incapacity to live up to the demands of the analytical primacy of society, while sociology is guilty of the opposite flaw: too many social phenomena are explained without taking the theoretical primacy of individual behaviour seriously.[14] An integration of the two disciplines should, therefore, follow only one guideline, consisting of the acknowledgment that on the one hand the theoretical primacy of the two disciplines lies with a theory of individual action and the analytical primacy, on the other hand, with society.

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[10] Van Winden (1983). Like van Praag van Winden first worked at Leiden University. Soon after completing his Ph.D. he moved to Amsterdam, where he still is. Van Winden is one the few Dutch economists who promoted the relatively new angle of ‘experimental economics’.

[11] Van Witteloostuijn (1999) published a wide-ranging study on downsizing and its effects on economy and society. The emphasis is on the Netherlands, although in a comparative perspective.

[12] Nooteboom (1998) on the management of partnerships. Nooteboom, formerly of Groningen, now of Rotterdam, presents a lucid and original analysis on the intricacies of partnerships, combining 'resource based' and 'transaction cost' theories.

[13] See for programmatic statements Lindenberg (1998), Raub and Weesie (2000), and Sanders (2000).

[14] It is the old quip again: economics is all about choice, but with only one choice optimal; sociology is about why there is nothing to choose. Under- and over-socialized conceptions of men, thus, are the blocks to be removed. It may be asked, of course, whether both economics and sociology are depicted in a correct manner with these conceptions or unbalanced primacies. In my view, especially sociology is misrepresented here, and to a lesser degree economics (one has only to remind oneself of such seminal contributors to a more reflexive economics as Frank, Hirschman, Schelling and Sen).

The upshot, so far, has been mainly in the theory of individual action, in particular by enriching the axiomatic texture of the premises underlying the economic theory of agency. On the societal level (the micro-macro transformation) the results so far are not impressive and, in fact, often rather tautological. On the other hand, a rich harvest of dissertations, books and articles has contributed to a social theory, close to and valuable for[15], but also sometimes indistinguishable from, neo-classical economics.[16] The latter aspect is not without interest: the 'model of man', presented as a joint product of economics and sociology, and described as RREEMM (resourceful, restricted, evaluating, expecting, maximizing man) is much closer to the economic axiom – albeit with added, though far from new, restrictions on time, information, risk and uncertainty – than to a typical sociological problem of for example double contingency and the formation of stable expectations by ego on the actions of alter and the other way around. Insofar as these problems are addressed at all (as in Raub and Weesie 2000), it is in the shape of the question of how cooperation may add to or subtract from durable social relations, with the latter taken as a datum. The 'genetic' aspect (as the adherents of figurational sociology have it) is suppressed and therewith the possibility of consistently completing the transformation from the micro-level of behaviour to the macro-level of society.[17] The theoretical primacy of individual action is paid for at the expense of the analytical promise for both economics and sociology. To illustrate: concepts like social capital are mainly considered in terms of attributes and possessions of individuals ('preference taking' in the words of Albert Hirschman) rather than as relations shaping the concept of the social individual ('preference making')

And again: the link with the themes of economic sociology may be close, but it is not intrinsic. As a matter of fact, the ICS-group follows the fashion of 'economic imperialism' vintage Gary Becker in which economics and economic sociology are not defined by subject matter but by an approach. This is in line, to be sure, with the attempt to construct a general theory of social action, but it is relatively aloof from economic sociology, as the latter is usually understood.

4. Whither economic sociology? The fate of 'economy and society' and an integrated 'socio-economics'

The most explicit attempts to 'revitalize' economic sociology stem from Tilburg University. The driving force was, until his recent retirement, J. van Wezel, a professor of sociology with a deep interest in the integration of economics and sociology. In his activities, however, this interest is at least paralleled by an interest in the equilibrium conditions of modern, differentiated and complex societies. His approach is mainly informed by structural functionalism, with – under the influence of Luhmann and especially Münch – some extensions into system theory. Throughout his work one is referred to the importance of the AGIL-scheme as developed by Parsons. In his latest book – which offers a good base for a

[15] for example: Flap and Tazelaar (1988) on ties, networks and labour markets, Boxman (1992) on contacts and careers, Flache (1996) on informal networks, Buskens (1999) on networks and trust. The impact of Granovetter (ties and networks) on the ISC research is noticeable, as is the impact of Burt. It may be noted in passing that the international standing of Dutch sociology owes much to this stream of research.

[16] For example: Wielers and Schippers (1998) on labour market research.

[17] The contribution of figurational sociology to economic sociology is modest but interesting. Two recent examples. Stokvis (1999) on competition and civilization and van Iterson (2000) on action codes in Dutch work organizations. Both studies illustrate the micro-macro link, Stokvis by connecting a Schumpeterian idea of entrepreneurial action with changes in modes of competition and the dependencies implied, van Iterson by connecting action codes in the workplace with long term developments (roughly in the vein of Israel's seminal contribution to an explanation of the Dutch republic) in the social and economic history of the Netherlands. The emphasis in figurational sociology, despite these – and a few other – contributions, is not on economic sociology or on economy and society.

general text on economic sociology – this approach is applied to an international comparison of labour systems (Van Wezel and Havekes 1995). The book is challenging for its theoretical audacity, its resourceful applications of Parsonian theory and its stimulating tests of both formal and substantial theories in the comparison of labour systems. What it lacks is a recognition of the fact that the subsystems of society (the economy, the polity, the community and the culture) do not have a common denominator in, for example, a concept of political society in the manner of Durkheim or, for that matter, Parsons. That is a drawback, not just in the study of Van Wezel on financial markets (thorough as is may be) and their effects on labour markets, but also, and to a growing extent, for the study of labour markets and labour participation as such.

There is another influence on Van Wezel that deserves mentioning. Since the beginning of the SASE (Society for the Advancement of Socio-Economics), Van Wezel has tried to further its interests in the Netherlands. It led, shortly before his retirement, to a report and proposal to Tilburg University. A curriculum on 'socio-economics' was advised, to be taken on by the faculties of economics and of social sciences. The report and the proposal were widely discussed in the faculties concerned. Yet no action has been undertaken to materialize the proposal, and since the departure of Van Wezel, no new initiatives were started. Economic sociology in the Netherlands, in conclusion, is topically not dead (in fact it is quite lively in that respect). As a uniting framework however – recognizable in chairs, curriculae, research programmes and budgets – it does not exist.

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SOCIOLOGY OF FINANCE – OLD AND NEW PERSPECTIVES

by

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"Finance – les nerfs de l'État" (Bodin)
"Le premier mobile d'un État" (John Law)

In their chapter on "Money, Banking, and Financial Markets" in the Handbook of Economic Sociology, Mark Mizruchi and Linda Brewster Stearns resume the tradition in studies on money, banking and finance by sociologists like Marx, Weber and Simmel. This tradition was not continued, they maintain, until Parsons and Smelser attempted to redefine a sociology of the economy in 1956. It seems hard to believe, however, that "financial issues received little attention from sociologists for several decades after Weber and Simmel". Is it true, that "despite the promising leads of classical thinkers, sociologists generally ignored the topic of money and banking in the post World War II period"? (Mizruchi/Stearns 1994:313, 316). It is not. There is a special European tradition of sociology of finance which should not be ignored because it still has an enormous cognitive potential. In the following paper, I will first give a preliminary overview of this tradition, some of the issues it has raised, and its methods ("Looking backward") and, second, of the sociological possibilities it suggests for further studies ("Looking forward").

Looking backward: Scholars and studies in sociology of finance

The term "Finanzsoziologie" was first used by the Austrian economist Rudolf Goldscheid, who in 1917 wrote a widely known book Staatssozialismus oder Staatskapitalismus. Ein finanzsoziologischer Beitrag zur Lösung des Staatsschuldenproblems. Goldscheid, a pacifist and socialist, supported the restoration of the old discipline of *Finanzwissenschaft* (fiscal economy), which, in his eyes, should be replaced by a *Finanzsoziologie.* Finanzwissenschaft merely provides the knowledge for getting enough tax contributions for the state, but does not give any perspective on the society as a whole. What is needed is a sociology which delivers more than technical knowledge of fiscal matters, that is, a sociology of finance. Finance is the key to state and society, and money is per definitionem debt of the state. He develops a whole anthropological program: states begin with war – as princes cannot pay the costs of warfare without raising taxes, tax raising for warfare is the foundation of the system which we call the state. As social beings, animals know struggles for survival, but they have no problems of war finance – as far as is known, they have no money circulation. This is not the place to follow Goldscheid on his path to a "Menschenökonomie" (Economy of man, see e.g. Fleischhacker 2000). Irrespective of his anthropology, Goldscheid has to be regarded as the founder of this tradition of Finanzsoziologie. His theory of the "Expropriation of the state" is linked to the new view on the state in the post-Marxian social democracy in continental Europe: while Marx and Engels saw the state merely as an instrument of bourgeois class politics, they neglected its integrative mission as provider of welfare (which began after the death of Karl Marx in 1883 with the introduction of social security in Germany). Bernstein saw this disposition of the state as a mediator of the class struggle and focused the social democratic program on the state as redistributor of social wealth. Goldscheid was impressed by the enormous potential of the national state to create a huge motivation for cooperation and productivity during the war, which could never have been attained by any private entrepreneur.

As long as the early principalities had enough resources from their domains, citizens benefited. At the moment when the costs of war exceeded the financial power of the territorial domains, the prince was forced to collect contributions from the citizens – the prince who had granted benefits now put claims against the same citizens. The status of the citizens changed from beneficiaries to taxpayers, the state arose out of the war. The evolution of the state was followed not only by the creation of a sphere of law but also by a redistribution of wealth: war ended with the enrichment of a few private citizens, who made profits out of the state expenses and out of lending capital to the state. For Goldscheid, who wrote this in 1917, it was clear that the First World War would end with the greatest redistribution of all times. Goldscheid argued along two lines: the political argument was that a poor state, which is a prisoner of the capital owners, can never be a legitimate constitutional state of justice because its sovereignty is secondary and not based on an autonomous financial power. The fiscal argument was that a state debt, which could never be managed by means of tax collecting, must lead to a revolutionary re-appropriation by the state of the main financial resources of the state.

Goldscheid' s article was widely debated as an argument for the historical necessity of the socialisation of the economy. His basic argument is undisputed: from its very beginning, the state is a huge distribution machine, invented in continental Europe originally as collector of taxes for warfare. Kings and dukes had to fill the gaps of their war-thesauri by collecting taxes from the estates, and mainly from the cities. By the end of war, they refused to cut the tax collecting for two reasons: installation of a permanent force for warfare, the standing army, and granting a living for the demilitarised soldiers.

In his article "Die Krise des Steuerstaates" (Schumpeter 1976/18), Schumpeter praised the merits of Goldscheid's view on the history of finance, and appreciated his sociological approach to look at the budget as the "skeleton of the state", dismantled of all ideology. The history of finance of any nation, Schumpeter maintained, is a substantial part of its history and the way in which the taxes are appropriated has an essential influence on the fate of peoples. He gives a series of examples to demonstrate the necessity of reviewing history under the auspices of finance and taxation and confirms Goldscheid's reflection on the coming into existence of states as a consequence of war costs, but he refutes the idea that the World War would imply the end of the tax state and the private economy. The limits for state debts are as wide and as narrow as the state's facilities to earn money or draw taxes. And the change of a private economy to a socialist economy does not automatically follow from a transgression of any debt limit, but only by the political will of the citizens: if they would decide for a socialist economy and against private property, the time would have come for a change into a state economy and the tax state would come to an end (Schumpeter 1976:350).

We know, that the end of the First World War brought about many changes – from monarchy to democracy, from currency stability to high inflation. Industrial relations have been reformed through the legalisation of trade unions as tariff partners, and through the newly established labour laws, but the core property rights as "the driving forces of social life" (Schumpeter 1976:346) were not changed. The welfare state worked as a mediator of class relations, not as general entrepreneur. Nevertheless Austria and Germany lost main parts of their sovereignty. Not only was their military power strongly limited, their fiscal autonomy was limited as well, as the Allies sent supervisors to Berlin and Vienna who had to check the decisions of the Central Banks which were separated through the Versailles treaty from politics. The state of Weimar as legal successor of the Kaiserreich was urged to pay huge reparations, thus piling up huge sums of state debts. This lead to a forceful resentment against the "westernisation" and the republican government, and reduced its political support during the economic crisis of the thirties. As Schumpeter pointed out: "Wir haben die innere und äußere Politik der Staaten mit havariertem Geldwesen in dieser Zeit vom Zustand ihrer Währungen abhängig gesehen. Und die desorganisierende Wirkung der Währungszerrüttung auf den Volkscharakter, die Moral und auf alle Verästelungen des Kulturlebens" ("We saw the politics of states as dependent on their currencies, and observed the destructive effects of damaged currencies on the character of nations, on their morals and on all aspects of their cultural life" – Schumpeter 1970:3).

After World War I, the sociology of finance ("Finanzsoziologie") emerged in Austria and Germany as a new discipline. During the twenties and again after World War II, the new discipline was taught by German, Austrian, French, Italian, Spanish and American scholars, amongst them Julius Landmann, Horst Jecht, Gerhard Colm, Robert Michels, Vilfredo Pareto, Herbert Sultan, Hans Ritschl, James O'Connor and, last but not least, Fritz Karl Mann, who taught in Cologne and later on in his US-Exile (see Prisching 1986: 240,ff). Some of them were socialists. Although none of them worked in the exact sense of Goldscheid, they all saw the necessity to widen the field of Finanzwissenschaft. Finanzsoziologie became a sub-discipline of Finanzwissenschaft, altering its perspective from the viewpoint of the state to the broader viewpoint of the social scientist. As Schumpeter claimed, Finanzwissenschaft had to enlarge to a sociology, dealing with the links between the economy and the state: finance was this link. The sociology of finance has to analyse financial relations in societies and we owe some pieces of high interest to this line of research.

It was Julius Landmann, for example, who pointed to the early professionalisation of high finance families in 11^{th} and 12^{th} centuries Italy. Landmann showed that the collection of contributions for the crusades in the 11^{th} century by the Roman Catholic church was about to create the high finance (Landmann 1933). The contributions for the crusades, together with the possibility to give money for the letters of indulgence (someone, who was uncomfortable in taking part in the crusades, could dissolve from the obligation by giving money) finally made up the church tax and created the basis of a system of collecting money by a group of professionals that soon began to deal with the money by giving credits and lending parts of the sums to church members and to states. These high finance professionals formed the beginning of the European banking tradition, as it was incarnated by Italian families such as the Bardi, the Spini, Abbati, Peruzzi and others. High Finance, which began with the imperial church and developed with the state, remained connected to the tax state until roughly World War I. That is for as long as states were more or less private properties of monarchs. With democracy, things altered – although perhaps not as much as is often assumed.

From Fritz Karl Mann, to mention another figure, we have various small but brilliant essays, among them one on the financial backgrounds of the French revolution, and his masterpiece on the "Ideas of tax justice" ("Ideale der Steuergerechtigkeit"). Herbert Sultan gave a lesson on the theoretical impact of the sociology of finance in his entry in the Handbuch der Finanzwissenschaften (1950), and Hans Ritschl was occupied with the public firm and creator of the journal of public firm ("Zeitschrift für Gemeinwirtschaft"). These are only a few examples of fruitful research in this field.

The already mentioned example of Landmann shows the typical method of the sociology of finance. It was historically and process oriented, considering the financial interests and burdens of the main social groups (supposing not rational homo economicus, but the fact that not all social groups are actually aware of their financial burdens). The sociology of finance looks at the power struggles between different groups, their different modes of competition, their different ways of formulating interests and opposing imputations, their various relations to the state and its clerks. It looks at the financial perspectives of people of different social strata, e.g. their ways of saving and their mode of caring for the old age, seeking typologies of group interests and their changes under institutional dynamics and political steering. The sociology of finance is a genuine sociology, as it looks for the actual interests, power struggles and motifs of people's acting, with the state budget as the primary focus and the "fundamental part of the political process" (Gerhard Colm).

It is not the place here to answer the question of why this field more or less disappeared as a discipline, as was the case in Germany during the 1960s. Too little is known about the scholars involved, their careers and their work. But the questions they raised are still on the agenda, both inside and outside the discipline, and it might be time to reconsider this kind of work again.

Looking forward: new perspectives

Democracy in continental Europe began with the control of the budget by the parliament. Until the end of World War I, only citizens who paid taxes were allowed to elect representatives for the parliament. Now all citizens of 21 years and older elect their representatives, and the most debated items of parliaments are budget questions. The budgetary potentialities include the potentials of empowerment and entitlement of citizens. As more and more financial means run through the channels of parliaments, an increasing number of questions of participation are at stake. This includes the implications of these questions for the life chances of individuals. On the other hand, the more the state looses and the more private finance dominates the capital markets and the conditions of lending, the more the state seems an enemy of private interests of money collecting (Schumpeter 1976:345).

The state is the distributor of collected tax money and its legitimacy depends on the purposes to which it dedicates the money. Every budget is a clear mark of the political power relations in a society: who gets what, who pays for whom, which economic party is most represented in the political system, which one is not well represented – questions that decide the fate of every part of the population. Is there still a special class of professionals that one could call high finance? If so, how much influence do they have on governments?

It belongs to the discoveries of the sociology of finance, that the state is not merely a technical institution, but lays in the heart of the national contests about infrastructural priorities, subsidies, taxes, fees, customs, duties, tariffs, tolls and even the conditions under which private banks can lend money from the central banks. All these conditions of life, work and commerce are the outcome of political contests between the different groups and interests in a nation (and between nations), which are promoted through the state. The state budgets are only representations of the different forces of the specific interest groups, which form the political and the economic nation. Budget positions, budget restrictions and budget expansions are part of more or less open power struggles in the nation state.

With the English school of liberal economics, the state vanished as an economic actor: for Adam Smith, the state was not part of the production process. To this Goldscheid complained that the state is seen only as juridical phenomenon, not as an active economic actor. But it is obvious that even in the USA, where the state was not very advanced until the twentieth century, the necessity of building a welfare state during the Great Depression in the thirties created the professional civil servant and the potential of a state like continental Europe, which covers more and more fields of general interest. From foreign policy tasks in the military and diplomatic realm, building protection shields for oil access or property rights interests in foreign countries, to social security aims, medical aid and not least originally civil movements like consumer protection or workplace protection, the duties of governments are expanding, not diminishing. The binding force here is finance.

It seems curious that many economists close their eyes to the obvious economic power of the state, claiming that market forces are the only preference selection factor. From the American Revolution on, which started under the slogan "no taxation without representation" (that meant, political participation due to the money power), to figures like Charles Merrill, who made a fortune by selling tax redempted pension schemes to middle class people in the 1930s, to the most powerful actors in financial markets today, the pension funds, we find not only changes in the lives and hopes of people for security and changing attitudes in the finance sector, but also changes in the dominance of professional finance groups, made possible or initiated by special state laws. Pension funds are backed by tax laws. That puts them into their strong position as the "backbone of Wall Street": pension funds are growing through permanently streaming flows of money from savers of pension schemes, which collect claims from these funds for their old age. Without the tax redemptions, they would maybe give their money to other securities. Pension funds are steering the fate of the same firms where their clients may work, and they are steering the steps of rationalisations for the sake of more profits. Pension funds work for the pensioners, who can gain a better living by raising share values while the payers may loose their jobs. So the power of pension funds might be called the rule of gerontocracy. The gerontocratic interest in raising the shareholder value helped bring into existence a huge mass of lawyers and judges fighting for the distribution of profits to the pensioners, and gaining themselves high provisions.

Finance systems are a prominent field in the currently dominating economic formation in the western countries: the audit revolution, booming merger and consulting culture, or the implementation of funds managers as successors of the production firm bosses. All this might be seen as new economic formation, a new epoch in the economy following the period of Fordism. For the understanding of these changes, it seems to be fruitful to reconsider the research which has been done in the tradition of "Finanzsoziologie".

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SENSE AND SENSIBILITY: OR, HOW SHOULD SOCIAL STUDIES OF FINANCE BE(HAVE)? A MANIFESTO

by

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Winter is the season of balls, social science workshops, and literary salons; it is the time when young debutantes feverishly rehearse their waltz figures, revise their wardrobes, set out to impress the world and attract swarms of suitors, all gentlemen of high intelligence, money, and power. But it is also the time when tutors and friends, anxious about the social success of their young protégées, review available options and try to make some last-minute corrections, hoping to improvements in appearance and demeanour.

Well, it looks like in the past two winter seasons or so there has been a new debutante in town, one on whom many a tutor has pinned his or her high hopes: Miss Social Studies of Finance. Will she make a good impression on the world? Will Wim take her to waltz? Will she ever hear Alan's adoring, imploring voice, while he crouches at her feet: "Miss SSF, you're the brightest light in our salon. Do you think I should really raise those interest rates?" Will he eventually bring her to the Fed Board of Directors' altar? And what about Miss Economics, the old darling of ballrooms (and boardrooms as well), the uncontested belle of social science salons? Gosh, she must have been through cosmetic surgery a million times now, but she still manages to turn all heads around. How shall our young protégée behave toward her? Can she ever hope to take her place? To be adulated as the new queen of the social sciences? And how should she behave toward Ol' Miss Political Economy, another distant relative, who of late makes a spinsterish, waspish, grumpy figure, mostly sitting in a corner, criticizing everything, and darling, the other day I overheard her saying that global financial markets are not such a good thing, if you can imagine that, ha ha ha... Surely our protégée does not want to be waspish and sour. She'd rather marry some obscure French physician from the province, some guy who stares all day long at the microbes on his Petri dish; oh yes, she'd rather go live a dull life in some godforsaken town where the only entertainment is provided by the local strawberry market and the networks of old ladies with their knitting needles and their funny artefacts... And on the top of all that, some have suggested she'd better emulate Social Studies of Science, the enfant terrible who dies her hair green, is hooked on deconstruction, and would buy her clothes from Vivienne Westwood, if only she had the money...

Questions upon questions.... Well, since no (would-be) tutor can resist the sweet poison of giving advice, here are some very modest proposals for our debutante. Actually, they are not exactly advice, nor definitive answers, but rather a way of opening a (necessary) discussion, the bread and butter of every salon (be it even virtual). In any case, here they are:

1. Many an effort has been spent on showing that the theoretical premises of neoclassical economics are wrong, that her notion of rational behaviour has no

[1] An electronic version of this text was posted as the first editorial of the Social Studies of Finance discussion group.

empirical counterpart, that her concept of economic actors' preferences is not met in practice, at least not in this galaxy, that externalities play a greater role than one might think, and that every ethnographic observation seems to refute the neoclassical market model. Should then Social Studies of Finance go all the way on, to show how false the theoretical assumptions of the neoclassical economic theory are? This may certainly seem a tempting way. A new queen of the ball, at last! But the point is, neoclassical economics is not a theory. It is a social practice and, as such, it is not merely true: it is lived. Therefore, there is little hope (if any) of replacing it by criticizing some abstract general models. At this, point, we should perhaps reflect about whether such models, which are touted from time to time in popular accounts of economics, really play an important role in the social practice of neoclassical economics. And besides, as Harvey Cox (The Atlantic, March 1999) has put it, The Market is more of a religious metaphor than a scientific concept. Rather than that, I'd like to argue here that the myriad of minute, concrete studies and models (which make little use if any of the 'big' concepts) are by far more important from the practical point of view.

2. Since Social Studies of Finance will never come to replace financial theory (let alone neoclassical economics), she should become this latter's shadow. In one of Akira Kurosawa's later films, Kagemusha, the samurais hire an old no-good, clownish drunkard to replace the old warlord who has died of a battle wound. The death must be kept secret and the drunkard becomes the warrior's shadow, a Kagemusha; as such, he is indispensable to the samurais continuing the fight on behalf of their dead master. I would argue that it is exactly here that the chance of Social Studies of Finance lies: in becoming an indispensable shadow in the study of financial markets. What I mean with this is the following: Social Studies of Finance should provide key financial theory concepts like noise, portfolio, arbitrage, and the like with social translations – that is, with descriptions of the empirical counterparts of formal models. These translations would open up such concepts and their associated formal models to the (minute) scrutiny of empirical social processes claimed to underlie them. A fruitful dialogue with Behavioural Finance can be opened here. The consequence is that, instead of focusing on the 'big' economic concepts (like that of 'market'), Social Studies of Finance would focus on the 'small', but key ones. She would be the social shadow of formal financial models. And remember: any model of financial markets which loses its shadow (or cannot have one) is nothing but voodoo economics.

3. It is standard wisdom nowadays that the key concept, the cornerstone of financial theory (and of economics) is that of information. I would argue that here lies another big chance for Social Studies of Finance. In financial theory, information is mostly blackboxed, or seen as being mirrored by securities' prices. A key task would be to open up this concept and push it to its ultimate consequences. This means (intensely) examining and describing the mundane side of information; not only how it is produced and distributed, but, most and foremost, the actors' mundane methods for documenting the veridicality, reliability, and relevance of (financial) information; the categories they employ in producing, handling, and channelling information; the knowledge and skills required by these activities. I guess there is something to be learned here from Social Studies of Science. In this respect, we should not be afraid of detailed descriptions of facts, done in such a way that "all factuality is already theory." I did not invent this last one; Goethe did.

4. An epistemic history of financial markets is more necessary than ever (well, yes, this is a pro domo argument). We may know a lot about their institutional history, or about capital flows, but (let's face it) we know next to nothing about the historical forms and dynamics of financial knowledge. A couple of days ago, I was asked about the historical statistics on the holders of financial securities in 19th century Western Europe and North America. It dawned on me that there is a big hole here. We may know something about this or that joint-stock company, but we know about nothing on the historical dynamics of holding and investing in financial securities at the (trans)national level. So, there's plenty of work to be done here, both quantitatively and qualitatively.

5. Bringing knowledge in should not mean leaving human actors out. In the past two decades or so, the North American version of economic sociology has stressed the networks aspect – that is, the role played by the economic actors' relationships, be they political, cultural, or personal. But the cognitive side of economic processes (and of financial markets too) has been largely neglected. There are a few big exceptions here: big indeed, but few. On this side of the Atlantic, economic and financial sociologists, lured by the suave, sophisticated smell of the Eau d'ANT manufactured in Paris (actually, I like it myself), have given plenty of attention to the trading floors' cognitive processes and epistemic arrangements. But, somehow, miraculously, human actors have been lost on the way. Setting the focus on the implementation and working of exchange algorithms has somehow led to brushing aside the role of gossip, clique-building, asymmetric information, and personal connections which, alas, are only too human. The unintended effect has been one of morphing financial sociology into a variety of rational choice theory: sometimes, it looks as if we were witnessing a huge rationalization process in which a universal rational formula replaces the myriad of local interests and connections formerly at work on the trading floor. This can be easily mistaken as a new enlightenment, but we should know better. We should not commit the teleological fallacy of writing the history of financial markets as a history of progress. Therefore, the question, in my view, is not to focus on financial automatons at the cost of leaving human actors out (or vice versa), but to focus on the complex interplay of rationalized financial representations (and instruments), on the one side, and local forms of knowledge (like gossips), on the other. Keeping human actors in would also mean focusing on two key aspects: the human body's and the language's role on financial markets. There is a very strong anthropological tradition which has stressed the role of the body in economic exchanges: if Social Studies of Finance would decide to ignore this, she'd have some explaining to do. But I hope she better not.

6. Go molecular. This is basically a reiteration of the above. I suggest here that Social Studies of Finance should abandon big questions in favour of small things, and should develop into molecular descriptions of various forms of financial information as forms of social order. Rather than aiming at explaining the notion of market once and for all, we should aim at describing markets. And we should not be afraid of not delivering the Great Unified Market Theory. Maybe the strength of Social Studies of Finance lies exactly in such a non-commitment to a Great Theory.

7. We should not be afraid of critical stances. After all, there is something about Ol' Political Economy's vitality. A good portion of it, I think, comes from the ability to formulate (penetrant) criticisms of the various aspects of global capitalism. But I

would also suggest here that Social Studies of Finance should ground her criticisms in critique. I take this latter in a Kantian sense: as a thorough examination of the social conditions of the possibility of financial markets. The example of Social Studies of Science has shown that some of the most penetrant criticisms (and the ones to trigger the most violent counter-reactions, we should be aware of that) have come in the form of thorough, well-founded empirical analyses, not of mere diatribes. Moreover, another (relatively recent) strength of Political Economy has been her interdisciplinarity: the ability to draw on a variety of disciplines like political science or geography. Social Studies of Finance should preserve this ability.

Well, it looks to me like seven proposals are more than enough for testing the readers' patience, at least for the time being. But please keep in mind that they are meant as Sense and Sensibility, not as Pride and Prejudice. As such, they are of course incomplete; this is the opening of a discussion (necessary, I think), not the ultimate wisdom.

BOOK REVIEWS

Ludovic Frobert, *Le travail de François Simiand (1873-1935) ("The Work of François Simiand (1873-1935)")*, Paris, Economica, 2000, 219 pp.

As managing editor of, and main contributor to the « economic sociology » section of Durkheim's *Année Sociologique*, François Simiand is one the « founding fathers » of economic sociology in the first part of the twentieth century. The recently published analysis of his work (and what the author calls his « labour ») by Ludovic Frobert provides a very rigorous synthesis of Simiand's interests, "vision" and research.

Beginning with a biographical sketch, Frobert recalls the typically « republican » origins and trajectory of Simiand, born in 1873 in Gière in the region of Grenoble, as the oldest son of a school director. Simiand belonged to the *boursiers conquérants*, entering the Ecole Normale Supérieure in second place and obtaining a first place in the "agrégation" exam in philosophy. Deviating from a brilliant academic philosophical career (promised, among others, by the enthusiastic comments of his teacher Bergson, who would influence him in many ways) by his political involvement during the « Dreyfus-Affair », Simiand simultaneously turned to socialism and durkheimian sociology. Over the years, Simiand became the leading protagonist of the ideal of a unified social science including economics. He wrote a « doctorat » about the prices of coal in nineteenth century France (in the Faculty of law, where political economy was then taught), and was one of the most active durkheimians in the methodological struggles, especially against traditional history and what Simiand called "normative" or "ideological" political economy (esp. classical and neo-classical theories). In his conception of social science, inspired by Comte's positivism, statistical analysis represented the kind of experimental method proper for the causal explanation of historical facts. Frobert shows that, despite a rather contrasted reception, Simiand's work has disseminated into various fields: history (with the French "école des *Annales*"), economics and, of course, (economic) sociology. The revival of interest for Simiand in French social science today is perhaps a sign of the come-back of the ideal of a unified social and economic science.

In the first chapter, Frobert presents Simiand's seminal work about the cycle of coal prices and insists on its importance for understanding his future contributions. In this first work, one finds an empirical ("experimental") refutation of both the theory of supply and demand and the theory of marginal productivity when applied to labour and wages. One also encounters the idea that economic development is essentially a succession of opposed phases (already designed in 1902 by the letters A and B), whether seasonal, cyclical or secular. The centrality of collective representations is already present, as is their link to various groups and classes. During this first period, Simiand tried to link the role of market prices (which underlie the dynamic more than production itself) to the potentially contradictory tendencies of entrepreneurs and salariat toward monetary gain, which were in turn related to the explanation of Juglar cycles.

In the second chapter, Frobert notices that Simiand published a large part of his work in the beginning of the 1930s. At the heart of this work is the empirical demonstration of long-term fluctuations in the economy. Based on an enormous collection and analysis of statistical data, Simiand proposed both a descriptive and an explanatory account of these fluctuations. Their *primum mobile* is a monetary one. The expansion of monetary liquidity (esp. through the discovery of gold, as in the XVIth century – where this process begins) provides an initial change, followed by a non-proportional and non-mechanical rise in prices, which provoked a dialectic of actions and reactions of both entrepreneurs and salariat. Actions of these collective actors are the historical product of social tendencies, which are shaped by nominal values (prices, wages, etc.): *homo oeconomicus* and rational action are, so to speak, "embedded" in collective representations of money, wealth, etc.

The third chapter is devoted to money. Monetary beliefs are, for Simiand, the core of economic reality. The rise of political economy is itself directly linked to a growing reflection on money and monetary change as general social problems. Even modern economists (Fisher, Keynes, etc.), criticised by Simiand have most of the time a normative and partial (though formalised) way to understand money; that is why Simiand proposed a new sociological definition in which the emphasis is put on money (originally a religious object and even today an object of secular social belief), and especially on the anticipations it allows. These anticipations lead to the general dynamic of fluctuations referred to above.

In his fourth chapter, Frobert analyses the original contribution of Simiand to the explanation of the Great Depression and the American experience in the 20th century. He first interprets the crisis as a general turning point between an A-phase and a B-phase, and not only between two Juglar cycles. For Simiand, the failed American attempts of the 1920s to free the economy from business cycles proves the utopian character of a completely controlled economic dynamics. Acknowledging that monetary action is the locus of an intervention to limit the negative aspects of the B-phase, Simiand nevertheless believed in the ineluctability of this phase as such: it is a regularity, a law of the "modern exchange economies".

In his last chapter, Frobert presents a fascinating set of diverging points of view on Simiand's work. While he was a strictly determinist durkheimian for Raymond Aron, Simiand appeared as a liberal (in the European sense) to his student Robert Marjolin, who contested his simplistic and fatalist conception of progress. To some of the technocrats favourable to growing state intervention in the 1930s, Simiand appeared ambiguous, not to say clearly reactionary, when he described the succession of phases as a necessity, thus criticising voluntary political interventions (e.g. stabilisation of prices) as a danger for the "living dynamic" of societies. To the more liberal economists, however, Simiand appeared too favourable to monetary policies, whereas for some socialists (who tried to involve him in the socialist revival of the 1930s), Simiand was a scientific promoter of a "debt economy", in which monetary policy would help achieving both progress and stability.

For Frobert, these diverging comments do not make him a conservative. If "free production", "free consumption" and "free anticipations" are necessities for Simiand, rationalisation (by the growing use of scientific data and methods) is also desirable, as well as social struggle and workers rights. His attitude and writings were always favourable to trade unions, cooperation and social solidarity. All his life, Simiand remained close to the workers movement (from which many of his students came) and the socialist party. He was a pivotal figure at the side of the socialist minister Albert Thomas in 1914-1918, and again in the reconstruction of Alsace-Lorraine after the first World War; he also participated in the founding of the International Labour Organisation (ILO) in the 1920s.

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Ruud Stokvis, ***Concurrentie en Beschaving: Ondernemingen en het Commercieel Beschavingsproces ("Competition and Civilization; Enterprises and the Commercial Civilizing process"),*** **Boom, Amsterdam, 1999, 248 pp.**

Business development and social change are closely related, but hardly ever has this interconnection been the focus of study. The book under review by the Amsterdam sociologist Ruud Stokvis deals specifically with the relationship between entrepreneurial decisions and societal changes. It views this relationship from the analytical perspective of business competition, as understood by J.A. Schumpeter. In Schumpeter's writings, economic life is viewed as the outcome of an evolutionary process in which businessmen constantly try to gain an advantage over their competitors. Entrepreneurs not only adjust their prices and products, but also modify the nature of their enterprises and the activities they perform. Through this process, they influence societal change in various ways.

The comprehensive look at the interconnection between business development and social change is the strength of the book. It deals simultaneously with three major themes that are usually discussed separately in the business studies literature: (1) state-business relations, (2) organizational aspects of business development, and (3) the interface between business and society. This places the book in a special position within the field of business studies.

The first chapter deals with the theme of state-business relations. It discusses the historical development of the regulatory powers of central authority in relation to business development, especially in Europe. Economic competition always took place within the framework of regulations as temporary outcomes of power struggles. With the emergence of the world capitalist system and the rise of the nation-state, state regulations became the social conditions under which capitalist competition could thrive. During the period of mercantilism from the sixteenth to the nineteenth centuries, European states were quite successful in regulating economic relations. This situation changed in the nineteenth century when power shifted to the entrepreneurial classes. Stokvis discusses the various attempts in history to resist capitalist development and to provide alternative models of growth without competition, among them Schumpeter's design for a socialist economy. The relatively peaceful nature of competition today in the context of national and international law should therefore be looked at as a particular phase in a long-term and turbulent development of state-business relations.

In chapters two and three, Stokvis deals with the second theme of his book, the organizational aspects of business development. He presents a brief overview of the discussions on forms and types of enterprises and argues that the organizational structure of an enterprise is the outcome of a long-term process of business competition and attempts by entrepreneurs to improve their economic position in society. Developments in the competitive structure over time at different places have caused differences in popularity, historically and geographically, between large and small companies, between old and new enterprises, and between family businesses and corporate organizations. The most typical way in which enterprises have always attempted to deal with situations of competition has been to create monopoly-type of circumstances for their enterprise. To substantiate this view, Stokvis gives an extensive historical overview of various types of monopoly formations that have occurred over time. They include monopoly formations created by the state – import restrictions, patent protections, measures related to imperialism, etc. – and business practices that are the outcome of entrepreneurial responses to state regulations, such as theft and other illegal activities.

In the final two chapters of the book, Stokvis deals with his third theme, the relationship between business and society. He shows how developments in business competition have influenced societal changes, both in regard to material and socio-cultural aspects. In regard to the material aspects, Stokvis discusses developments in technology as one of the outcomes of competition between enterprises. In regard to the social and cultural aspects, he shows how business competition has contributed to changes in social relations and class structure, and how it has influenced consumption patterns over time.

The comprehensive approach of the book makes it a contribution that goes beyond attempts in economic sociology to bring in the human element in economic analyses. Stokvis emphasizes that an exclusive focus on the social and cultural aspects of business development has done more harm than good to organization sociology. Through this approach, it has marginalized itself to a position of merely being a critical addition to business economics. This can be illustrated, for example, with Stokvis' discussion on business developments in Asia (page 62-66). In the literature on Asian entrepreneurship, cultural factors are often emphasized to explain the specific nature of business organizations in East Asia, especially the predominance of family enterprises and business networks. The analysis by Stokvis indicates that structural factors such as developments in business competition, and its relationship with state processes and societal changes, are more important to account for the specific characteristics of Asian enterprises. His approach is therefore a welcome contribution to those studies that offer alternative explanations to the often stereotyped manner in which business developments in Asia are explained and contrasted to developments in the West.

A problem in this connection, however, is that the book hardly leaves room for other explanations than that of business competition. It thereby assumes a tendency of homogenisation of business developments on a world scale. When he discusses the problem of homogenisation of business development, Stokvis himself points at the pitfall of confusing homogenisation with westernisation (page 66). Unfortunately, he leaves it at that and is unable to indicate a way to avoid this pitfall. He thereby seems to suggest that there is no other way for business development all over the world but to move into the direction of (western-type) corporate structures, away from family enterprises and personal business networks. Such a conclusion is highly questionable, viewing business experiences in Asia, and requires a more comparative analysis.

These comments, however, do not undermine the value and contribution of this book. Its comprehensive view of the relationship between business development and social change provides us with new insights into old discussions on entrepreneurship. It is an interesting and welcome contribution to the literature and deserves a wider audience than the Dutch speaking world. I therefore hope that the author will find the time to publish at least part of his argument in English.

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Herbert Kalthoff, Richard Rottenberg, Hans-Juergen Wagener (eds), *"Facts and Figures: Economic Representations and Practices"*, *Oekonomie und Gesellschaft, Jahrbuch 16*, Marburg: Metropolis Verlag, 2000 (ISBN: 3-89518-996-0), 342 pp.

Social studies of economics, as it is called, is rapidly becoming one of the more dynamic areas of social science research on the economy in Europe. The expression is consciously modelled after "social studies of science" designating a predominantly micro-perspective on economic interaction, focusing specifically on the knowledge frame of economic transactions. Some representatives of the social studies of science movement have themselves recently turned their attention to the economy, and young scholars seem to be particularly interested in the development. Fabian Muniesa thus reported on a Parisian conference on "social studies of finance" in the previous issue of the Newsletter; in the current issue Alex Preda reports on the Bielefeld conference on "The Culture(s) of Financial Markets".

The collective volume edited by Kalthoff, Rottenberg and Wagener is another building block to this emerging sub-field. It is part of a yearbook series, Oekonomie und Gesellschaft, which started in 1983 and was initially published by the German publisher Campus. The yearbook covered economic topics in their relationships to broader, social, political and normative issues. Some of the previous issues, for example, treated topics like social cooperation (no. 12), experimental economics (no. 13), and unemployment (no. 15).

The latest issue of the yearbook seems to mark a new beginning. It is better defined than some of the previous volumes and offers a more coherent approach. For the first time the yearbook consists of articles which are all in English, and the volume is published by a new publisher, Metropolis Verlag in Marburg. Metropolis is a German publishing house known for scholarly publications in the history of economic thought, labour and labour policy, environmental and development economics. Relevant for economic sociology are, for example, various recent volumes about scholars who were more or less related to the German historical school: Werner Sombart, Georg Simmel, and Alfred and Max Weber.

The editors of the volume under review present their work as a contribution to an interdisciplinary field which transcends the boundaries of traditional economic sociology and economic anthropology. The argument is based on the consequences of constructionism and the "cultural turn" for studying the economy. The cognitive devices, which are central to nearly all the papers, are not considered to somehow describe a reality which exists independently of these devices. Economic representations are cultural constructs which fundamentally shape the economic realities which are studied. All these economic representations, whether they are numbers, econometric models, figures, valuation schemes, pricing formula, are treated "symmetrically", as David Bloor said in his influential statement about the social study of science: they are examined with a fundamental agnosticism with respect to their truth-value. It is not the descriptive or explanatory adequacy of these representations which is considered, but their performative function. Focusing on this performative link between representations and practice is thought to be the primary difference with conventional economic anthropology and sociology. As the editors state in their introduction:

> "The point of departure is the assumption that economic representations are unavoidably performative. Starting from here, the key question of an updated economic anthropology is directed towards the practices of producing economic representations that contribute to the formatting of markets." (p. 26)

From this perspective, the notion of embeddedness changes as well. By concentrating on knowledge frames, their production and their practical use, economic practice is thought to be embedded primarily in cultural or cognitive frames.

While the proposed approach is coherent and suggestive, and the volume as a whole is rich in empirical detail, the orientation which underlies the various contributions also raises some general questions. Is the notion of performativity sufficient to analyse the complex relationships between representations and practice? Is this performative function not a specific case of a more general category of possibilities (as it was in Austin's original proposal as well)? And aren't there specific conditions under which economic representations fulfil the performative function which is described is many of the papers? How, furthermore, does the focus on knowledge frames relate to other dimensions of the functioning of markets and economic institutions, especially political dimensions?

Since it is impossible to discuss all twelve papers in a brief review, I will merely indicate some of the topics that are treated. The first part of the book deals with ways of managing uncertainty. Andrea Mennicken explores credit relations in Russia, demonstrating the precarious balance between formal risk management schemes which have their origin in the West, and personal business ties which often have their origin in the socialist past. Herbert Kalthoff scrutinizes decision-making in international banks by looking at the negotiations between the two departments which are primarily involved in credit processes (corporate banking and risk management).

The second part is about the translation of realities into specific representations (a figure, a budget) and the reverse operation of translating these representations into actions. Barbara Czarniawska thus uses a budget proposal to illustrate such a translation chain. Richard Rottenburg discusses a development project in Tanzania focusing on the role of "projects" and financial accounting.

Part three and four are about financial markets. Alex Preda examines financial knowledge and the science of the market in nineteenth century England and France. He identifies the emergence of new tools and instruments (handbooks, manuals) as well as shifts in the understanding of the money market. Urs Bruegger dissects the work of speculating on the global foreign exchange market, reconstructing the ways traders use various interpretation schemes and strategies. Anna Hasselström reports about socialization after office hours among traders and brokers; her analysis underlines the significance of face-to-face interaction and friendship-like relations in a highly uncertain environment.

In the last part of the book, Donald MacKenzie writes about Long-Term-Capital-Management (LTCM) and their use of advanced finance theory. After their striking success during the first years, adverse market conditions provoked its widely reported bankruptcy in 1998. Fabian Muniesa analyses the installation of an electronic trading system at the Paris stock exchange. Peter Haegglund examines valuation models of firms and shows how these can produce new facts which are relevant for investors.

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Conference Reports

The Culture(s) of Financial Markets, International Workshop, Bielefeld, November 10-11, 2000

An international workshop on "The Culture(s) of Financial Markets" was organized by the Department of Sociology at the University of Bielefeld and the Bielefeld Institute for Global Society Studies on November 10-11, 2000 in Bielefeld, Germany. For two days, sociologists and economists from Germany, France, the United Kingdom, Spain, and the USA presented and discussed their research on the cultural forms of financial markets, both contemporary and in a historical perspective.

While financial markets have got a good portion of the public attention in the past two decades, there are still many aspects which are poorly understood. We know a lot about capital flows and securities' prices, but we know less about the micro-interactions in trading rooms, about the complex inter-twinning between science, technology, and financial transactions, about the new, internet-driven financial transactions, or about popular forms of financial knowledge. The aim of the workshop was to bring together scholars from various disciplinary fields who have done research on these and other similar topics, and to create a forum for exchanging ideas and research results, as well as for exploring new theoretical and methodological paths. From the beginning, the accent was put on the cultural aspects of financial markets, broadly understood: that is, on their knowledge bases, interactional forms, and lived, mundane practices. The array of topics was considerable, going from the way in which discourses about the Euro shape markets' beliefs, to the emergence of automatic derivatives exchanges. Both contemporary and historical analyses were represented at the workshop. This diversity was held together by the thematic and methodological coherence of the contributions.

On day one, three main topics were debated: the cultural instruments through which central banks shape monetary policy, micro-interactions in the marketplace, and Internet-driven forms of financial investment. Nigel Dodd (LSE London) focused in his contribution on the discursive techniques through which policy-making agents shape the public opinion about the new European currency, the Euro. His argument was that public, media-related interventions of policy-making agents should not be understood as a mere environment for financial markets, but as a very part of these latter. In his turn, Mitchel Abolafia (SUNY/Albany) highlighted a complementary aspect of monetary policy-making: his contribution examined the conversational exchanges on the Board of the US Federal Reserve, and the conversational mechanisms which frame decisions about interest rates. Christoph Deutschmann's (University of Tuebingen) contribution stressed a paradoxical aspect of financial markets: contrary to popular assumptions about them increasing social and economic transparency, financial markets undermine institutional certainties and confront the actors with unprecedented contingencies. Financial turbulences are a direct consequence of this process. A similar point was made by Javier Izquierdo (UNED Madrid) in his paper: macroeconomic derivatives and the related financial markets do not reduce, but rather increase contingencies.

Another key topic on day one was how micro-interactions in the financial marketplace evolve under the influence of new information and communication technologies. Karin Knorr Cetina and Urs Bruegger's (University of Bielefeld) paper examined the new interaction forms generated by computerized information and dealing systems. They argued that while bodily contact is a key component of financial exchanges on the 'classic' trading floor, new interaction forms emerge in computerized currency exchanges, which replace bodily through eye-to-screen contacts. The consequences are both individualization and homogenisation of exchange processes. The contribution of Fabian Muniesa (École des Mines, Paris) focused on a related aspect, namely how automated exchanges change the interaction forms in derivatives trading. Staring from an analysis of the new, computerized derivatives trading at the Paris Bourse, Muniesa argued that a new concept of interaction network is needed in order to grasp these changes, and that such a concept should take computer-based auction algorithms into account.

The presentations made by Charles W. Smith (Queens College/CUNY) and Fabrice Rousseau (EHESS, Paris) highlighted another aspect of the relationships between communication technology and finance: how the internet has changed the ways in which popular investments are made. Charles W. Smith stressed the fact that the Internet has brought about auction forms which were unknown before, and that the rules of the game are rewritten by this new medium of exchange. The basic assumptions of the neoclassical economic model have to be revised, since they are not supported by the empirical data anymore. Fabrice Rousseau showed how small investors use the Internet in order to invest autonomously, and how they rationalize their decisions with respect to this medium.

On day two, a major topic of debate, highlighted by several papers, were financial derivatives and the connections between derivatives markets and economics. Philip Mirowski (University of Notre Dame, Indiana) examined the evolution of algorithms and market automata in economic theories, and pleaded for a natural history of self-reproductive markets. In his view, financial markets are at the forefront of an evolutionary process anchored in the increased complexity of simulative operations. Alex Preda's (University of Bielefeld) presentation focused on the relationships between the academic financial science and the popular knowledge of financial investments. Starting from the concrete case of the options pricing theory, he argued that some of its essential elements were already formulated in popular investor manuals in the second half of the nineteenth century. The paper presented by Yuval Millo (University of Edinburgh) continued this topic, by examining how an options pricing formula was adopted by the Chicago Board of Trade in the 1970s, and which were the social forces behind this process. Vincent-Antonin Lépinay (École des Mines Paris) addressed in his turn the question of how the traders on Paris Bourse relate to the derivatives products they deal in, and the role played by complex computer systems and pricing algorithms in this process. On his side, Olivier Godechot (École Normale Supérieure, Paris) showed that derivatives traders adopt different rationalization strategies, according to the cognitive instruments they dispose of. At the same time, a differentiation takes place between these rationalization processes: in this perspective, the derivatives traders on the Paris Bourse resemble a bazaar of rationality forms, where each can pick up the legitimating strategies which suit him best.

Another major topic discussed on the second day of the workshop was the role of accounting systems in financial markets. Starting from an overview of the literature, Hendrik Vollmer (University of Bielefeld) argued that the topic of accounting processes and systems has been underrepresented in sociological theory: however, a sociology of numbers is necessary in order to grasp the way financial markets work. Vollmer identified the directions in which a sociology of numbers should proceed, together with the main problems raised by accounting as a social practice. The comment and reply of Keith Robson (UMIST, Manchester) focused on the role of accounting systems in the evaluation of financial securities and on the social practices which underlie these processes. In his turn, Herbert Kalthoff (European University, Frankfurt-Oder) showed how basic accounting instruments like the balance sheet receive different meanings according to the context in which they are used. Kalthoff examined the case of Eastern European subsidiaries of major Western banks, and demonstrated that accounting instruments are embedded in complex networks which involve interpersonal relationships as well as various cognitive instruments.

All presentations enjoyed lively discussions, prolonged beyond the strict frame of the workshop. Some of the workshop's papers have already been submitted for consideration with peer-reviewed journals. Others are being revised and expanded for this aim. In the closing discussion, participants agreed to explore the possibilities for a future institutionalisation of the workshop. Future workshops should also include some form of collective publication of the contributions. It was decided that a short- and medium-term goal of future meetings should be intensifying international and interdisciplinary contacts between researchers working on financial markets. The long-term goal should be the creation of an international and interdisciplinary association. In this respect, participants appreciated the fact that a French Association for Social Studies of Finance already exists. As a direct outcome of the workshop, it was decided to found a Social Studies of Finance Network. This already working network is based at the University of Edinburgh. It has an interdisciplinary and international membership, can be accessed at SSFN@egroups.com, and welcomes scholars of financial markets.

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Auspicious Beginnings for the Anthropology of Finance

An interesting session focusing on the anthropology of finance took place at the annual meeting of the American Anthropological Association held in San Francisco 15-19 November 2000. Entitled "Theorizing Failure: An Example from the Anthropology of Finance," this invited session of the Society for Cultural Anthropology was organized by Annelise Riles and Hirokazu Miyazaki, both of Northwestern University. The session abstract invited paper presenters to address the concept of failure, noting that the systemic failure of financial systems and the dilemmas faced by market participants have certain similarities with the failure of analytical frameworks within anthropology and the concerns of anthropologists. This challenge produced some intriguing papers, both empirical and theoretical. The aftermath of the financial crisis in Asia appeared in the couple of papers, while others were centred on moral questions, such as the nature of investment, speculation, interest, and risk, and the consequences of deregulation and the development of new financial instruments.

Annelise Riles started the session off with a paper, "Real Time: Governing the Market After the Failure of Knowledge," that focused directly on the concept of failure. Market forces, she notes, are frequently considered to have a dangerous agency of their own, acting outside the regulatory capacity of institutions, and this idea of a phenomenon beyond ordered thought, or logic is one of the fascinations of the market. But what can be learned from failure, what work does failure do? Riles applies this question to a discussion of the implementation of a new payment system (from designated time, or end-of-day settlement, to real-time settlement) within Japan's central bank. Surprisingly, the elimination of credit risk created other needs among market participants, that of liquidity to cover their transactions in real-time. The central bank played a vital role in softening the transition by making rules, improving computer systems and injecting cash; a role which Riles compares to that of the Japanese mother, who sets a moral example and provides for needs while drawing away and encouraging independence. She concludes that here, power is asserted by giving up power, or launching a process in which power gradually fades away.

Hirokazo Miyazaki's paper "Simulating Lives: The Consequences of Virtualism in the Tokyo Financial Markets," which, like Riles' paper, is based on a substantial period of field work in the Japanese financial market, explores the gap between the logic of derivatives trading and the more "real" production processes and social relations of the market. He takes the case of Tada, a derivatives trader in a large Japanese securities firm, discussing his goal of conducting entirely logical trading, and analysing his reactions when his firm merges with an American firm and he leaves his job and is initiated into a more free-market situation, where he learns that he must cope with and depend on social relationships. Through Tada, Miyazaki is able to comment on the convoluted and equivocal inter-relationships between economists' and social theorists' abstracts, financial actors' theories and personal goals, and the historical circumstances of a marketplace at a particular point in time.

The Dow Jones Islamic Market Index and the HOUR, a local currency used in Ithaca, New York, are two alternatives to economic globalisation examined by Bill Maurer (University of California at Irvine) in "The General Equivalent and Alternative Currencies: Money, Math and the Failure of Finance." In a paper that makes fascinating use of literary and historical references, from Shakespeare to Hacking to popular English ballads at the time of the South Sea Company's investment bubble, Maurer discusses the difficulties in implementing these new economic forms, both of which are based on moral considerations and aim at the eventual transformation of the economic system. He recounts the adjustments that practitioners have to make in response to the dominant system/currency. He considers Islamic finance and local currencies dramas "within the drama of global capitalism," where the failure of equivalence is revealed, but which, in their efforts to purify tainted or dirty money (interest in the case of Islam, and government-issue currency for HOUR-users) restage truths, offering us a reflection of ourselves.

"Stock Markets as Simulacra: Observation that Participates" is a paper with similar concerns, argued from the point of view of contemporary stock markets. Presented by Ellen Hertz (University of Lausanne, Switzerland), also the author of an ethnography of the early days of the Shanghai stock market (Hertz 1998), the paper is an intricately argued examination of the nature of investment and speculation, and the moral objections voiced against the latter. Using Plato's polemic about real versus false representation and the idea of the simulacrum as a point of departure, Hertz examines the structure of moral understandings of trade in stock markets. Via Marx and Baudrillard (1986) she points out that the financial instruments stock markets deal in cannot be seen as simply as a means to an end (profit). They are more like Latour's 'quasi-objects,' and through the processes of 'translation' and 'purification,' (Latour 1993) financial markets are objectified and rid of their "disreputable human attributes," while speculation becomes a mere social fact, part of the nature of things. She concludes that it is "through the constant discursive expulsion of the social that the social/material institution of stock markets can grind forward, meeting 'needs' with instruments, and otherwise transforming the social/material/discursive landscape of modernity."

In a complex theoretical paper entitled "Cultures of Circulation,"[1] Benjamin Lee (Rice University) invokes Benedict Anderson (1996), Appadurai (1996), Habermas (1986), Mauss (1967), Malinowski (1966) and Marx to note that rather than simply being the movement of people, ideas and commodities from one group or society to another, circulation is a cultural process with its own abstractions and constraints, produced by "the interaction between the circulating forms and the social institutions that interpret and use them." Lee introduces the

[1] The paper is part of a larger book project with Edsard Lipuma on the "culture of capitalism."

idea of "cultures of circulation," that interact with interpretive communities to "create ways of imagining the social that become part of collective life." He proceeds to explore a variety of cultural conceptions of identity, community, capital, time and value, with particular attention to Marx' interpretations, before turning to a discussion of the end of the Bretton Woods agreement and the fall of the gold standard; events of the 1970s that led to the expansion of derivatives as financial instruments, and to the globalisation of financial capital. Derivatives and the mobility of capital are, says Lee, moving us into an era where "the leading edge of capitalism is no longer the mediation of production by labour, but rather the expansion of finance capital," which involves a fundamental break with the classic relation between finance capital and value as posited by Marx. Now that the economy is driven by the financial market rather than vice versa, Lee asks what self-reflexive collective agencies may emerge to deal with the growing contradiction between labour and finance capital? He concludes that a new political actor, beyond an internationalised working class, may be necessary.

Finally, Karen Ho (Princeton University) moved the discussion closer to the corporations whose stock is the object of financial market exchanges in her paper, "Theorizing Connections: What Happens to Disjunctures When Corporations and their Stocks are Equally Liquid?" She questioned the role of Wall Street in realigning the interests of corporations from a commitment to employees and communities to a focus on shareholder value (i.e. raising stock prices), suggesting that an examination of this transformation will be an important part of formulating cultural theories of finance.

The papers in this session demonstrated both the wide and rich variety of sites, concepts and issues to be explored within the world of finance, and the productivity of applying anthropological perspectives. One comment made by the session discussant, George Marcus (Rice University) was that it is important to determine who is the audience for an anthropology of finance. Here, the papers were directed towards fellow anthropologists; but the hope of this reviewer is that the anthropology of finance will also be sufficiently transparent and broad in scope to reach a wider audience of observers of, and participants in modern financial markets. There is a growing public interest in questions such as market morality, the risks and opportunities presented by financial globalisation, and the viability of alternative economic forms, and anthropologists have much to contribute to this discussion.

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Social Capital: Theories and Methods, Workshop, Trento, Italy, October 19-20, 2000

The workshop on social capital, held in Trento, Italy, on October 19th and 20th, 2000, was a major event for economic sociology in Italy. It included two sessions: the first focusing on theoretical debate, the second on empirical analysis. The main questions of the workshop program were the following:

1) What is social capital? Is it just a matter of networks and other relational resources, or does it also include culture, habits and norms?

2) What is the level of analysis of social capital? Ranging from the micro- (individuals) to macro-level (societies), where does the analysis of social capital work best?

3) How does social capital work? Which mechanisms can be identified in the formation and the use of social capital?

4) How can social capital be studied empirically? Which methods and empirical indicators of social capital are available, especially from a quantitative point of view?

The scholars attending the workshop tried to answer these and other questions which emerged from lively debates. A few major points of the discussions may be mentioned. A first issue was the question whether social capital is a generic resource for improving cooperation between individuals, or a purpose- and context-specific one. Most scholars agreed on the second idea, returning, implicitly or explicitly, to Coleman's statement of a "capital asset […] defined by its function".[1] A second issue concerned the very nature of the elements included in the concept. The main distinction was between a view of social capital as a relational resource vs. the inclusion of other elements, like norms, institutions, etc. Even if no clear consensus was reached on this topic, most of the papers presented focused on the analysis of networks and relational effects. From a theoretical point of view, this dimension is more suited to be incorporated in a broader framework regarding, for instance, economic development or the labour market. At the empirical level, social relations look easier to study, using tools derived both from network analysis and quantitative data analysis.

A number of papers, moreover, treated interesting empirical issues. Methodologically, they proposed secondary analysis of data gathered for different purposes, mainly from general social surveys, like the Italian "*Indagine multiscopo sulle famiglie italiane*" or the French "*Modes de vie*" surveys. The interest here is the refinement of the tools used and their application to existing data sets. Other papers focused on empirical studies which were especially designed for inquiries into social capital. Here the problems no longer concerned the interpretation of the data, but their gathering, i.e. the specific questions and survey instruments to be used for collecting data about issues of social capital. Again, the relational perspective appears most clearly where the focus is on the empirical research questions, with interesting results especially regarding labour market and job searching.

Nearly twenty papers – all worth of discussion – were presented during the two days of the workshop. Since it is impossible to present them all, I will just introduce some of the (according to my own judgement) more interesting ones.[2]

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[1] Coleman J. S. (1990), *Foundations of Social Theory*, Cambridge (MA), The Belknap Press of Harvard University Press, p.302.

[2] All the Workshop's papers will be soon available online in: http://www.soc.unitn.it/dsrs

Nan Lin (Duke University) proposed a methodological approach and exposed some theoretical results from a research project in Taiwan. He discussed different ways to validate results from general survey data. Applying them to the Taiwan case, he proposed a framework for social capital studies where social networks represent the core, while civic engagement and trust appear "as secondary and derived concepts" for a meso-level analysis.

Fortunata Piselli (University of Trento), starting from Coleman's theory, exposed her view of social capital as a "situational and dynamic concept"; "situational" refers to specific forms of social capital that are fungible only with respect to specific activities, while "dynamic" pertains to the process of its creation, use and – eventually – destruction.

Gabriele Ballarino (University of Trento) and Fabrizio Bernardi (Bielefeld University) suggested the use of "time-budget" data coming from the Italian GSS (Istat (1993), *Indagine multiscopo sulle famiglie italiane 1987-1991*). The explananda was the success in school activities for young children. The proxies used for evaluating the social capital of the family were not just indicators of membership or participation but the actual time spent in associations, cultural activities, direct contacts with the school, and helping the children with their homework. The findings show different strategies in the use of social resources inside the family, where the mother plays an internal traditional "human-resources activation" role, while the father has greater functions as external social capital resources "manager". Given the first-approach nature of the study, the results need more work to reach clear evidence. Nevertheless, they show consistency with the existing literature, confirming the validity of the used methodology.

Maria Luisa Bianco and Michael Eve (University of Torino) exposed in two different papers problems and results deriving from an *ad hoc* empirical survey, where social capital is studied in relation to job searching. The research aimed at investigating the weight of familiar and former-occupational ("professional") ties in finding a new job. The material used came from a population sample of the city of Torino (Northern Italy). The main problem was the impossibility to systematically reconstruct the complete relational network of the interviewed. The solution proposed is the construction of simpler indicators of social relations, distinguishing between stable multifaceted ties and instrumental relations put into being for specific (here, job searching) purposes. One of the main results of the study is the alternate use of "family social capital" and "professional social capital" of the interviewed, changing in accordance with different social levels and different periods of their lives.

The Trento workshop provided a beautiful arena for a lucid debate aimed at clarifying a concept which has remained somewhat elusive. Scholars are not yet close to finding a satisfying definition of the concept or to a consensus about the indicators for measuring it. Still, meetings like the one in Trento help to proceed in the right direction and, hopefully, similar events will soon follow.

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PhD's in Progress

Current PhD projects in economic sociology in Europe.

Young researchers are kindly requested to send in a brief description of their PhD project. Please indicate first: Name of PhD candidate, title of the project, Department, University, City, Postal Code, and email address. Then give a concise description of the project, not much longer than approximately 200 words.

Please send project descriptions to be included in the next issue of the Newsletter before May 1 as an email attachment to the Managing Editor at: es@pscw.uva.nl

Finance and Social Change

Name: Erik Bähre

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Title: Financial Self-help Groups among African Migrants in Cape Town, South Africa.

Project description:
With the breakdown of the apartheid state, an increasing number of migrants left the former 'homelands' and tried to earn an income in South Africa's mines, and cities such as Cape Town. In the city, migrants organise all kinds of informal savings and credit arrangements known as burial societies, ROSCAs and ASCRAs.

By studying the way African migrants in Cape Town conceptualise, organise and try to control money through participation in these arrangements, one is able to gain insight into the societal transformations taking place in South Africa. The newly established relationships with neighbours and home-boys in the city, and the relations with kin in the distant former 'homelands', are volatile. This raises questions such as: who is trustworthy enough to participate and why? On what grounds are people excluded from financial self-help groups? What are the social dangers of accumulating money? With whom is the money shared? What are the consequences of financial self-help groups for kinship relations? Why is most of the accumulated money spend on consumption? Money and social relationships, especially neighbourhood, kinship, and home-boy relationships, are intertwined in ways that create solidarity and at the same time give rise to conflicts. These issues are approached through an analysis of qualitative research material collected in Cape Town in 1997 and 1998.

Trust and Development

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Title: The Policies of Trust. Incentives and Institutions in the New Local Development Policies.

Project description:
Public policies are not a common focal point for economic sociology scholars. Nonetheless, economic sociology field is potentially rich of useful tools for explaining public policy processes and outcomes.

In my PhD project, I am applying some economic sociology concepts to the study of public policies and, in doing so, I would like to accomplish, at least, two related points:

1. Outlining the core elements of a *distinct* sociological approach to the study of public policies. By this I mean an approach neither satisfied with the "macro" *political-economy* view, nor with the "micro" *social work* perspective. Instead, I am arguing, a distinct sociological approach to the study of public policies can be found in the work of James Coleman and in all those approaches that deal with his macro-micro-macro schema.
2. Showing that economic sociology offers, at least implicitly, a number of useful elements for building such an approach.

The empirical part of my work is concerned with the study of "social partnership policies" in Italy (the so-called "Territorial Pacts"). Here the main argument regards the relationship between public policies with some networks features of the local context. The empirical question, therefore, will concern *if*, *how* and *why* "social partnership" policies are dependent on the pre-existing networks features among the socio-economic local actors (e.g. unions, local councils and firms' associations).

Art and Value

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Title: Pricing Culture. Constructing Values of Contemporary Art in Amsterdam and New York Galleries.

Project description:
In this dissertation I analyse the price mechanism on the market for contemporary art from the perspective of economic sociology. The study is based on in depth interviews with contemporary art dealers in New York and Amsterdam. Economic theory, which treats prices as a 'neutral' representation of value, fails to explain a number of characteristics of the art market such as the existence of a strong taboo on price decreases, or the fact that pricing according to quality is avoided under many circumstances. Art historians and cultural experts tend to dichotomise price and cultural value as hostile categories, which equally prevents them from analysing the cultural embeddedness of the art market.

In contrast with these 'a-cultural' perspectives, my overarching argument is that the peculiar price structure of the art market can be explained by taking the social and cultural meanings of prices into account: prices, price differences and price changes convey messages about reputations of artists, the social status of dealers, and the quality of the artworks for sale. The interview materials furthermore indicate how dealers make conceptual distinctions between different types of prices and price strategies ('real', 'moral' and 'superstar' prices), and attach moral connotations to them. Finally, I argue that the price mechanism is used by dealers to differentiate the social ties they are engaged in.

Knowledge and Firms

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Title: Knowledge Transfer and Learning Processes in Inter-Firm Networks: A Comparative Study between Italy and the United Kingdom.

Project description:
The research considers the processes of knowledge transfer and learning in inter-firm networks and examines the way in which firms manage their relationships in order to gain competitive advantage. The processes of knowledge transfer are investigated by explicitly adopting a network perspective.

Inter-firm networks can be considered as relational-cognitive systems that channel valuable knowledge and that engage in ongoing learning processes. Four characteristics identify the nature of networks as relational-cognitive systems:

1- network as a shared space of emerging relationships;
2- network as a distributed knowledge system;
3- inter-organizational learning is multilevel: individual, group, organizational and inter-organizational (as a network);
4- management of a 'portfolio of ties'.

These four characteristics, in particular the final one, the *management of a portfolio of ties*, allow the operationalisation of a knowledge transfer model.

Thus, the purpose of the study is to understand how different types of inter-organizational relationships influence the way knowledge is transferred among firms belonging to the same network. The main proposition is that firms need to establish a variety of *types* of relationships amongst suppliers, each of which has a different impact on the processes of knowledge transfer and learning, and thus on competitive advantage.

Consumers and the Internet

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Title: The E-Consumer: Consumption and Everyday Life in the Internet Age.

Project description:
My dissertation deals with changes brought about by the Internet and e-commerce. It is an empirical research based on quantitative and qualitative data. I obtained a large data set on Internet users and e-consumers by an Italian research centre, specialized in consumers studies, and I have requested similar data to an American centre, which collects data for the US. This should allow a comparison between Us and Italy on changes in consumers' behaviour and in daily life of consumers.

The thesis may be divided into three parts. The first basically aims to draw out the e-consumer profile. By processing quantitative data, I will describe e-consumer by sex, income, age, work, social class and so on. The second and the third part will be based on the qualitative section. First of all, I would like to analyse whether e-consumption tend to increase actor's autonomy and awareness. Theoretical background for this part is offered by the "new institutionalism" and "new economic sociology", which underline the key role of cultural, social and cognitive factors on consumption. My contention is that e-consumption tends to increase the actor's autonomy in making choices. However, this process rather than reducing the role of social network could mobilize old and new networks as a means of sharing information and producing trust. The third part tries to investigate how the Internet and e-commerce's diffusion are changing daily life. Does the Internet make people save time? How do leisure, work and consumption time tend to combine? Can we expect that a more symmetric distribution of domestic activities will emerge as result of the new trend in consumption?

Small Traders and Collective Action

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Title: The Problem of Collective Action among Small Firm Owners: The Case of Traders in a City Centre

Project description:
This study analyses collective action in the context of Urban Commercial Projects – UCP –, which are projects dedicated to the modernisation and amelioration of commercial areas in city centres. These projects have funds to be attributed to city centre traders to remodel their shops, to the local trade association in order to launch a marketing campaign, and to the local government to execute urban improvements of the area. The success of these projects depends on the traders' level of participation, which is on the number of traders who decide to invest in the remodelling of their shops. That is so because the amount of funding for the trade association and the local government is calculated as a proportion of the total investment of traders. As a consequence, if there is no massive participation, the city centre will only undergo a partial and/or superficial betterment and will not improve commerce, which is considered an important step towards city centre revitalisation. Yet, the main obstacle to the full implementation of an UCP, is precisely the great difficulty of achieving a co-ordinated and largely participated action on the part of independent traders.

In order to identify the structural conditions enhancing or inhibiting collective action, and to understand the rationale behind their participation strategies – economic motivation vs. social influence – we are accompanying the development of a UCP in a mid size city located in the metropolitan area of Lisbon. We will make use of social network analysis and models of logistic regression to analyse the data obtained through a questionnaire to the universe of traders in the city centre.

Just Published

Accounts: A Newsletter of Economic Sociology (Volume 1, issue 1, Fall 2000)

The economic sociology section of the American Sociological Association is developing rapidly. Officially approved in August 2000, it crossed the milestone of 400 members within a month. Members of the section receive the official newsletter, which is jointly edited by Joan E. Manley and Sarah Busse. Besides information about the section and the ASA meeting of August 2001, the first issue contains a brief article by Viviana Zelizer, "How and Why Do We Care About Circuits?" Zelizer proposes to focus on circuits of commerce. These circuits are defined as "dynamic, meaningful, incessantly negotiated interactions" among "sites" (individuals, households, organizations). The argument is illustrated by three cases: corporate circuits, local currencies, and intimate transactions.

For more information on the section, see the website of the section under construction (www.gsm.uci.edu/econsoc/).

Politix – Revue des sciences sociales du politique (Volume 13 **-** n° 52, 2000)

Publisher: HERMES Science Publications - http://www.hermes-science.com

8, quai du Marché-Neuf, 75004 Paris - FRANCE

One of the younger social sciences journals in France, **Politix** has published a special issue on financial markets, edited by Dominique Cardon, Patrick Lehingue and Fabian Muniesa. It is the result of the Parisian conference on social studies of finance (april 2000) about which we reported earlier. Here is the table of content with a translation of the title of the papers (which are all in French):

- *«Le bazar de la rationalité. Vers une sociologie des formes concrètes de raisonnement»* (The bazaar of rationality. Towards a sociology of concrete forms of reasoning), by Olivier Godechot (p. 17-56)
- «*Les prises cognitives de la rationalité. Une typologie des décisions spéculatives»* (A cognitive approach of rationality: A classification for speculative decisions), by Yamina Tadjeddine (p. 57-71)
- *«Les* trolls *sont-ils incompétents? Enquête sur les financiers amateurs*» (Are the *Trolls* incompetent? Inquiry into the financiers amateurs), by Vincent Lepinay, Fabrice Rousseau (p. 73-97)
- *«Trois interactions hétérodoxes sur les marchés à la criée du MATIF. Rationalité locale et rationalité globale»* (Three heterodox interactions on the open outcry markets of the MATIF. Local rationality and global rationality: A non-contradictory relation?), by Jean-Pierre Hassoun (p. 99-119)
- *«Un robot walrasien. Cotation électronique et justesse de la découverte des prix»* (A Walrasian robot. Exchange, automation and the accuracy of price discovery), by Fabian Muniesa (p. 121-154)
- *«Le scandale financier du siècle, ça ne vous intéresse pas? Difficiles mobilisations autour du Crédit Lyonnais»* (Nobody is interested by the financial scandal of the century? Weak mobilization around the Credit Lyonnais), by Damien De Blic (p. 157-181)
- *«La force des idées simples. Misère épistémique des comportements économiques»* (The power of simple ideas. Epistemic misery of economic behaviors), by Frédéric Lordon (p.183-209)
- *«L'économie des qualités»* (The economy of qualities), by Michel Callon, Cécile Meadel, Vololona Rabeharisoa (p.211-239)

ANNOUNCEMENTS

Social Studies of Finance Network

The complex world of contemporary Finance is overflowing the boundaries of Economics. It seems that a comprehensive understanding of the transformation of financial markets, banking industry, and corporate governance needs the intervention of new approaches that can deal with the different dimensions of such phenomena. The sociological approach applied to financial markets has recently shown the relevance of its methods and tools. Some recent work in the fields of Economic Sociology, Science and Technology Studies, Cultural Anthropology and Political Sciences has highlighted the specificity of financial cultures. We think that a new field, best defined as "Social Studies of Finance", is emerging with the common objective of following Finance through Society.

The Social Studies of Finance Network has been established to promote interdisciplinary scientific research on contemporary finance and financial markets. Its main objectives are the organization of periodic meetings between sociologists, economists and other social scientists and the constitution of collective research programs. SSFN is the first step toward the constitution of an international network that could share resources and research results in the common field of Social Studies of Finance. To find out more about the SSFN, please see: http://homepage.altavista.com/ssfn/

The SSFN now has a mailing list and web space for the publication of working papers, announcements and other related material. You can join the list at: http://www.egroups.com/group/SSFN

'The Learning Economy, Perspectives from Economic Sociology and the New Institutionalism'

Mini-conference to be held during the 13th annual meeting of the Society for the Advancement of Socio-Economics (SASE), University of Amsterdam, Netherlands, June 28 – July 1, 2001 (http://www.sase.org).

Learning, knowledge and innovation are increasingly important factors in the functioning of modern economies. Recent contributions in economic sociology and new institutional economics have shown how information and learning processes are central to the very nature of economic action and its embeddedness within the larger society. The structure of financial markets, the organisation of industrial relations, the quality of the educational system, and the political regulation of economic exchange all combine to structure what is now being recognised as the learning economy.

The institutional embeddedness of economic developments and of the learning capacities of economic agents become particularly apparent in times of change. The introduction of new information technologies is an example of such change as are the developments in the transition economies of Eastern Europe. These observations, however, raise some fundamental questions about the learning economy. Can economies learn to adopt to changing circumstances at all? How can such learning processes be analysed in a theoretically sound and empirically adequate manner? What can institutional perspectives from economics, sociology and other fields contribute to the analysis of economic change in modern societies?

The mini-conference seeks to address these and other questions. Three sessions are envisaged that will address questions of learning and innovation, institutional change in transition economies, and theoretical accounts of the learning economy, respectively.

Papers are invited for the sessions on the topic of innovation and learning and that of institutional change in transition economies. All correspondence can be directed by Email to Arnold Wilts (wilts@pscw.uva.nl).

Nelson and Winter Conference in Aalborg, Denmark June 12-15, 2001, organised by DRUID – Call for papers

It is now almost 20 years since Dick Nelson and Sid Winter published their seminal book *An Evolutionary Theory of Economic Change*. On this occasion, DRUID (Danish Research Unit of Industrial Dynamics) in collaboration with the journals Research Policy and Industrial and Corporate Change organises a conference to take place in Aalborg, Denmark, June 12-15, 2001. The Conference is intended to map theoretical and empirical advances over the last two decades, further contribute with novel insights and stimulate civilized controversies in some of the areas explored by the Nelson and Winter book. The programme will be organised along six themes; Theme A: Industrial and Market Dynamics; Theme B: Production and Use of Knowledge; Theme C: Technical Change, Production Organisation and the Firm; Theme D: Routines, Organisational Practises and Strategies; Theme E: Growth, Development and Structural Change; Theme F: National Systems of Innovation, Institutions and Public Policies.

Masahiko Aoki, Richard Nelson, Sidney Winter are amongst the participants in the opening or closing sessions. Both seniors and junior scholars are invited to join the event and contribute with a paper to the Conference. In particular, we want to encourage an active participation by young scholars(Ph.D.-students and scholars who finished their Ph.D. less than 5 years ago). Abstracts ought to be sent by February 15, 2001 to the following e-mail address: druid-nw2001@business.auc.dk. Since the selection of papers will be based on the abstracts we would like applicants to send extended abstracts (min. 2 pages) with a full outline of the argument and key references. Mention should also be made of whether the proposed paper falls within any of the six themes. By March 15, 2001 the organising committee will inform the applicants about the acceptance of the paper. Full papers should be delivered by May 10, 2001. Participants whose papers have been accepted will have conference fee waived. Moreover for young scholars with accepted papers there will be the possibility to apply for support to travel and accommodation. The conference is in honour of the work by Nelson and Winter but we do not expect the majority of papers to be explicit comments to their work. Rather we expect papers to primarily to be original contributions and the conference as a whole to take stock from different perspectives on the issues raised in their book. We plan special issues of Research Policy and Industrial and Corporate Change, as well as a Book to come out in 2002 to mark the 20thanniversary.After usual refereeing process the best contributions from younger scholars will be included in these publications together with contributions from senior scholars.

European Sociological Association – Economic Sociology Research Network – Call for papers (August/September 2001)

The Economic Sociology Research Network (ESRN) of the European Sociological Association (ESA) invites proposals for papers to be presented at the Fifth Conference of the ESA scheduled to take place from August 28th to September 1st, 2001 on the city campus of the University of Helsinki, Finland. ESRN is planning to run six paper-presenting sessions. Colleagues interested in presenting their work are kindly invited to submit an abstract of 250 words indicating the session(s) for which their paper is intended. Send your abstracts to both session chairs, by e-mail please. Please note that abstracts should be sent before the 31st of January 2001. Notification of the acceptance of the abstract will be sent to participants before the 1st April 2001.

The Programme includes six sessions: 1. "Economic Sociology: Past, Present and Prospects for the Future", 2. "Networks and Social Capital in the Economy", 3. "The Sociology of Markets and Financial Institutions", 4. "The Informal and the Underground Economy", 5. "Sociology of Consumption and Economic Sociology" (Joint session with the Sociology of Consumption Research Network), 6. "The Social Economy".

E-mail addresses: Patrik Aspers <ASPERS@sociology.su.se>, Sokratis Koniordos <skoni@social.soc.uoc.gr>, Jukka Gronow <JGRONOW@valt.helsinki.fi>, Ingo Bode <bode@unidui.uni-duisburg.de>. More information about how to register for the conference is to be found at: http://www.congcreator.com/esa2001/.

Penn Economic & Organizational Sociology Working Paper Abstract Series

The first issue of the series has now been published. For more information and issues of the Working Paper Abstract Series please visit our website: http://pesos.wharton.upenn.edu

We welcome your submissions for the next issue!!! To add your email address to the distribution list or to stop delivery: Go to http://pesos.wharton.upenn.edu/papers.htm Please feel free to forward the Newsletter to colleagues and friends.

Contents of the current issue: *Biggart* Banking on Each Other: The Situational Logic of Rotating Savings and Credit Associations; *Djelic* Exporting the American Model: Historical Roots of Globalization; *Koku, Nazer & Wellman* Netting Scholars: Online and Offline; *Mizruchi & Stearns* Getting Deals Done: The Use of Social Networks in Bank Decision Making; *Rosenkopf, Metiu & George* Strategic Participation in Industry-Wide Communities? Voluntary Technical Associations as Context for Alliance Formation; *Suárez* Political and Economic Motivations for Labor Control: A Comparison of Ireland, Puerto Rico, and Singapore.

Editorial policy: A. Titles & Abstracts of working papers by social scientists actively engaged in research will be considered for inclusion in the Newsletter, provided they meet these criteria: 1. Papers must be scientific in nature. 2. Papers must not use inappropriate or discriminatory language. 3. Papers must address a topic related to economic sociology, work, occupations, professions, or organizations. 4. Papers must be at least 15 double-spaced pages long. 5. Papers must not have been yet published, although they may have been accepted for publication at a future date. B. The editors reserve the right not to include papers that fail to meet any of the above criteria. C. The papers accepted for inclusion in the Working Paper Series are not refereed. Rather, the role of the editors is to make sure that the criteria under point A above are met. D. Full-length papers should be submitted in Windows Microsoft Word format to: guillen@wharton.upenn.edu. Abstract submissions without the full-length paper will be returned to authors. Submissions in formats other than Windows Microsoft Word will be returned to authors. E. Authors of papers accepted for inclusion in the Newsletter are requested to provide: 1. Their institutional affiliation (if any), and an email contact address. 2. An abstract of the paper not exceeding 250 words, in Windows Microsoft Word format. 3. A means for people to obtain the full-length paper. These may include: a website or an email address. Non-electronic media of paper distribution will not be accepted. F. Authors must respond to all requests for papers promptly. Failure to make the full-length paper available will result in exclusion of the paper from the Working Paper Series.

ESRI 2001 workshop and PhD Summer School

The European Summer Research Institute for the Comparative Study of Economic Organisation (ESRI) invites applications for the coming PhD Summer School (September 18-23, 2001) and calls for papers for the coming Thematic Workshop (September 15-18, 2001) to be held in Slovenia.

The Thematic Research Workshop for senior scholars is on "Changing Contextual Constructions of Economic Rationality" and the PhD Summer School will be focused on the Comparative Study of Economic Organisation. Further details and application forms are available at http://www.cbs.dk/departments/esri

For more information please contact Marianne Risberg at ESRI, Department of Organisation and Industrial Sociology, Copenhagen Business School, Solbjerg Plads 3, 2000 Frederiksberg, Denmark. E-mail: mr.ioa@cbs.dk