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# ECONOMIC SOCIOLOGY

## European Electronic Newsletter

Vol. 1, No. 2 (January 2000)

XX

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# Economic Sociology in Germany

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Economic sociology has some of its most prominent roots in Germany. Karl Marx and sociologists Max Weber and Georg Simmel undoubtedly belong to the internationally recognized canon in economic sociology. Moreover, at the time of Weber and Simmel economics in Germany was still deeply interested in sociological issues. It was only in the 1930s that the significance of the German historical school receded. Reminiscences to the mutual interest of sociologists and economists in each others domain can be seen up until the mid 1930s for instance in Apolph Lowe's Economics and Sociology - A Plea for Co-operation in the Social Sciences and in Karl Mannheim's Man and Society in the Age of Reconstruction. Both books were published in 1935 when the authors were already living in exile.

This strong tradition in economic sociology was not continued in German post-worldwar sociology. Although some work was done under the explicit labeling of economic sociology during the 1970s and 80s (Hans Albert and Klaus Heinemann for example) the field played only a marginal role in German sociology. This does not mean that economic issues were of no importance. Since the 1950s, however, the continuation especially of Weberian economic sociology took place under the heading of industrial sociology which touched also on neighboring fields like labor market sociology and sociology of education. Studies by Horst Kern and Michael Schumann, Werner Sengenberger, Walter Müller-Jentsch, and Arndt Sorge, among others, found national and international recognition. In the 1970s the agenda of industrial sociology followed increasingly the normative goal of improving workers' situations in industrial relations. Also in the 1970s interest grew, as elsewhere, in the field of Marxist political economy. Meanwhile, industrial sociology and political economy have lost most of their influence. This has left a void which could be filled increasingly by economic sociology.

Today, the field of economic sociology in Germany presents itself as very heterogeneous and so far little organized. Although there exists an economic sociology section as part of the German Sociological Association only few of the leading German economic sociologists are organized in it. The reason for this is, at least in part, that most economic sociologists come from the background of general sociological theory or industrial sociology and did not yet seek to organize with an identity as economic sociologists. Despite the heterogeneity of economic sociology four areas of scholarly interest can be identified. Each of them I will briefly discuss. I will concentrate on very recent publications and it should be reminded that the list of mentioned books and articles does not intend to be complete.

## 1. Sociology of Money

One of the main interests of German economic sociologists lies in the investigation of money. Background to this attention is the work of Weber and Simmel in the field but also Parsons' conceptualization of money as a generalized media of communication. The latter has become influential in German economic sociology mainly through the work of the late Niklas Luhmann (1988) and through Jürgen Habermas' (1981) distinction between system and

lifeworld. For Luhmann the media of money is a crucial social device which facilitates social coordination by helping to overcome the problem of double contingency. This is achieved by reducing relevant communication in economic exchange to the question whether the exchange partner is willing to pay a certain amount of money for a good or not. All other considerations become irrelevant. Money helps to dissociate economic exchange from personal attributes of the exchange partner, and from moral considerations. Hence money is the central device for the differentiation of modern economies, a point which had already been emphasized by Weber.

Luhmann's economic sociology has found quite some resonance in Germany - affirmative and critical. Among the most creative supporters of a systems-theoretic perspective in economic sociology is Dirk Baecker, a former student of Luhmann. His research focused, among other topics, on the operation of markets (1988) and on banks (1991). But Luhmann has provoked also critical responses. One example for a book in economic sociology which takes a critical stance against Luhmann's conceptualization of money is Heiner Ganßmann's (Free University of Berlin) Geld und Arbeit (1996) which analyzes the connection between money and labor in capitalist economies. Ganßmann proceeds from the central role of money for the organization and functioning of modern economies but argues against conceptualizations which abstract from the historical rooting of money in the "real economy." An early version of parts of his argument have been published in English in an article in Economy and Society (1986).

Another highly original book on the sociology of money has been recently written by Christoph Deutschmann (University of Tübingen). Deutschmann (1999) suggests to base the understanding of capitalist dynamics on the operating principles of money. Money is not just "useful" for the purchasing of objects but the possession of money is the anchor for individual freedom. Based on Simmel's notion of money as an "absolute means" Deutschmann draws an analogy between money and God stating that both can only strive for themselves as ultimate ends. Money is an end in itself. The purpose of money can only be to be increased which necessitates its recursive investment. Two consequences follow from this. One is that religion is not just seen, as in Weber, as being instrumental for the development of capitalism. Instead, capitalism itself is seen as an essentially religious experience. The second consequence is to view money as the crucial device for the explanation of capitalist dynamics. The necessity for profitable investment of money demands a continuous process of product innovation. The economy switches between situations of great uncertainty combined with chances for high profits and relatively calculable situations with low profits. This movement finds its explanation in the cycle of "creative destruction" which creates uncertainty. The uncertainty actors face can be temporarily reduced in the process of social interaction through the emergence of mediating social structures. In discussing processes of institutionalization Deutschmann's approach takes up findings of institutional organization theory. Deutschmann systematically connects the discussion of money with the concept of uncertainty as a constitutive problem for economic sociology.

## **2. Politics, institutions, and the economy**

A second focus of German economic sociology is located at the interface between economy and politics. Work done at the Max-Planck-Institute in Cologne (Wolfgang Streeck, Fritz Scharpf) but also much of the work by Claus Offe (Humboldt University Berlin) can be summarized under this category, though the authors themselves do not usually use this label to categorize their work. I will comment only briefly on this important line of economic sociology because it is probably the area which has found most international resonance and is

widely available in English. Wolfgang Streeck analyzes the influences of regulatory political systems on economic performance. The focus lies on the investigation of effects of intermediary institutions like collective bargaining systems, trade union organization, and employer associations but also on the effects of legal regulation at large. This institutional approach has been applied not only to the analysis of industrial relations and welfare state politics in Germany but increasingly also to problems surrounding the integration of the European Union and to the understanding of globalization processes.

Claus Offe, who shares much of this theoretical approach, has in recent years looked mainly in the opposite geographic direction, i.e. to the East. Immediately after the collapse of communist regimes in Eastern Europe Offe (1994) became fascinated with the sociological understanding of the transformation process of East European economies and political systems. Indeed some of the crucial concepts referring to the relationship between democracy and the development of capitalist economic structures have been introduced by him.

Understandably enough, the transformation process of East Germany has created quite some interest in German economic sociology. It is not possible to give a summary of this extended research here, two examples must suffice. One is Paul Windolf's and Sebastian Schief's (University of Trier) network study on ownership structure and interlocking directorates in larger East German firms (1999). The empirical investigation showed that most of the firms are owned by Western owners and that the network of interlocking directorates is dominated by West German managers. This creates "structural holes" in the network of East German companies which are bridged over by West German managers, exposing East German firms to structural external influence from the West. Another example is Michael Thomas' and Rudolf Woderich's (1997) analysis of East German small scale entrepreneurs. Their empirical study came to the result that the self-employed persons they interviewed had hardly any attributes in common with the model of the Schumpeterian entrepreneur. The self-employed East Germans were not interested in expanding their companies through risk taking (credits) but chose instead defensive survival strategies. The decision to become an "entrepreneur" in East Germany largely reflects missing opportunities in the labor market which explains why the mentality of the investigated entrepreneurs resembles closely the cultural attitudes of employees.

### **3. Sociology and Economics**

Still another approach of German economic sociology is represented by authors who proceed from problems posed by microeconomic theory, explore the limits of economic explanations and attempt to find sociologically informed answers to the stated problems. Sociologically informed are answers to economic problems if they do not refer only to relative prices. On the other hand this does not imply the general rejection of economic arguments because combinations between sociological and economic answers can be especially fruitful. As it has turned out, the two most interesting issues from the sociological perspective are external effects and principal agent problems. Johannes Berger (University of Mannheim) (1999) has, among other areas of investigation, analyzed external effects of the economic system on the natural environment. As long as negative environmental effects are not reflected in prices the market cannot regulate optimal levels of environmental pollution. Berger suggests to add social norms, i.e. environmental consciousness, as one factually relevant parameter for the explanation of environmental behavior of companies and the state. Principal-agent problems have entered the economic discourse especially through the unfolding of the new microeconomics. But "moral hazard" is a problem which sociological theories have been aware of for quite a long time. An example is the labor extraction problem in Marx' labor

theory of value. Berger (1999) addresses this problem in an interesting article entitled "Why do workers work?" He concludes his discussion of utilitarian and Durkheimian approaches to the question not simply by stating the importance of moral resources but by asking for the preconditions within the social context of action which allow actors to expect that their co-operative move will not be exploited.

I would position my own work under this heading as well. In an article from 1996 I asked for the specifically sociological contribution to the investigation of economic problems. An important sociological tradition sees the role of values as central to the sociological analysis of economic phenomena. The article departs from this tradition and argues that uncertainty poses the crucial constitutive problem for economic sociology. While the neoclassical tradition in economics reformulates situations of uncertainty as situations of risk (this allows for maximizing decisions based on probability calculation) sociology is interested in the consequences once actors are pictured as not having a basis for calculating optimal decisions. It is due to the problems posed by uncertainty that actors must rely on social mechanisms like institutions, habits, networks, and power for structuring interaction in economic contexts. This perspective has been enlarged later through the introduction of cooperation and innovation as two further action situations whose understanding depends on transcending the maximizing assumption of economic theory (Beckert 1997).

#### **4. Sociology of Markets**

Recently the sociological analysis of markets has become a further accented field of economic sociology in Germany. One example is the book Der Markt der Gesellschaft (1997) by Klaus Kraemer (University of Münster). Kraemer's book is largely influenced by Georg Simmel's model of sociation (*Vergesellschaftung*) and the role which exchange plays in it. He is asking for the social and cultural consequences which derive from the expansion of market-regulated exchange relations in modern societies. Kraemer is investigating the consequences of the market for several sociologically relevant issues: Power-relations in society, the use of natural resources, and the identity-constructions of market participants. His discussions shall contribute to the sociological understanding of the cultural effects of markets, a question largely ignored in economics.

Kraemer's book stands in the tradition of macrosociological analysis of economic institutions. In their analysis of financial markets Urs Bruegger and Karin Knorr Cetina (University of St. Gallen and University of Bielefeld) proceed from a microsociological perspective. Knorr Cetina is, of course, well known for her studies on the microstructure of scientific research processes. The article "Global Microstructures: The Interaction Practices of Financial Markets" (forthcoming) attempts to shed light on the role which face-to-face (or face-to-screen) interaction between traders play for the constitution of globally operating financial markets. Bruegger and Knorr Cetina investigated the activities of traders in foreign exchange markets on the trading floor of a Global Investment Bank in Zurich. The analysis focuses mainly, but not exclusively, on the computer protocols of "conversations" between traders which document offers and agreements to a deal. The conversations between traders are not face-to-face but face-to-screen. The equivalence in communication structure makes conversation analysis (Goffman) nevertheless a useful tool in understanding the constitution of the investigated financial market from a microsociological perspective. The market itself becomes, for those engaged in it, a co-present other. The main point Bruegger and Knorr Cetina are making is that the "diminishing relevance of the physical setting in defining global domains cannot be taken to imply that microsocial processes in general are becoming increasingly irrelevant." The seemingly paradoxical formulation of "global microstructures"

indicates the authors' contention that microstructures can be disembedded from local contexts and be relevant in settings which are characterized by their worldwide scope.

Recent work in economic sociology in Germany demonstrates the renewed interest in the field and indicates a promising perspective for further developments. The current interests in economic issues are at the core and more first rate scholars should find this an attractive sociological field to work in. The unfolding of economic sociology in the United States but also in European countries will have positive repercussions for further developments also in Germany.

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# Economic Sociology and Social Studies of Technology

by

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It is striking how little systematic analysis of technological change can be found in the writings of the main proponents of Economic Sociology. In the *Handbook of Economic Sociology*, edited by Smelser and Swedberg, technology is not accorded a separate treatment. Economic sociologists therefore appear to be somewhat unprepared for discussing what many consider the great issues of the day, such as the role of innovation processes in economic change, and more specifically the impact of information technology, genetic engineering, advances in materials technology and new environmental regulatory regimes on markets, organisations and economic systems.

However, there are sociologists who study technological change, and the purpose of this review is to introduce a small selection to the readers of the *Newsletter*. Most of the contributions mentioned here belong to an field of studies, often labelled 'STS' (Science, Technology, Society) which has been established within three organisation, the *European Association for Social Studies of Science and Technology* (EASSST), the *Society for Social Studies of Science* (4S) and the *Society for History of Technology* (SHOT). As a result, STS is among other things shaped by an ongoing dialogue between historians and social scientists, including sociologists but also anthropologists and business economists. It is also characterised by a pervasive interest in the relation between science and technology, and by a pronounced interdisciplinary orientation.

Social studies of technology are the study of man made artefacts, how they are made, used and disposed of in a social context (Basalla 1988). Artefacts are, to paraphrase Latour (1993), both natural and social, simultaneously and indissolubly. In the empirical work of sociologists or others within 'STS,' this emphasis on physical and tangible artefacts is quite pronounced. Industrial design, electronics, video-recorders and the chemistry of industrial ecosystems attract more attention than say changing tastes, software innovation, the history of cinema and changing concepts of Nature. In bridging the divide between material culture and culture in general, most of those who work within the ambit of social studies of science and technology lean toward the material side of the equation, which is their point of departure, and this in turn helps distinguish them from other adjoining fields of study, such as economic sociology, economic history, business administration and 'cultural studies.' However, analysing the social shaping of artefacts through innovation and adaptation processes invariably develops into a sociology of engineers and machine operators, of engineering networks and of engineering expertise, and hence, of socially constituted knowledge.

It is probably not too far off the mark to see an anthology published in 1987, with papers from a workshop held in 1984, as constitutive of this particular field as a separate focus of research. Its' title is *The Social Construction of Technological Systems: New Directions in the Sociology and History of Technology*, and it was edited by Wiebe E. Bijker, Thomas P. Hughes and Trevor Pinch. In three programmatic essays in the first section of this anthology the editors and Michel Callon laid out the major tenets of the 'new' sociology of technology.



In their essay, Pinch and Bijker emphasise the knowledge component of technological change and the need to bring the sociology of technology to similar levels of sophistication as the sociology of science. The concept of interpretative flexibility is central to their conceptualisation of innovation processes, which are seen as a series of negotiations about the shape and function of artefacts leading to what they call rhetorical closure, which implies that problematic aspects are defined as outside the ambit of potential application, and that other problems are (re)defined in accordance with the interests of prospective users. Thus, for example, bicycle rubber tires, which were originally introduced (by Dunlop) with the argument that they reduced vibration and increased comfort, became redefined as devices to increase speed on the race track, and in this new garb, they became acceptable to the pioneers of bicycling, who saw themselves as *sportsmen*.

In a second essay Thomas B. Hughes developed a theory of technological systems, based on his research in the history of electricity. Such systems, according to Hughes, consist of socially connected physical artefacts. They evolve through distinct stages, invention, development, innovation, growth, competition, and consolidation. A central mechanism in this process is technology transfer, and another central concept is technological style, the former accounting for the tendency of large systems to follow similar paths everywhere, the other accounting for regional, national or continental variation. As systems are consolidated they acquire a momentum of their own due to their technical and social ramifications, Once, for example, 220V becomes a standard, entire systems of devices are adjusted to this fact, but this standard is also typical (for its period) in that it does not apply globally. Eventually, such technological systems can enter a phase of stasis and decline as their momentum is challenged and broken (e.g. as did canal transport), but they can also survive the challenges and adapt to new circumstances more or less effectively, as exemplified by the succession of different modes of electricity generation.

In a third essay Michel Callon argues that engineering work includes a large component of 'engineer-sociology,' in analysing social trends and reading the futures in which innovations are to operate. This aspect is also prominent in Bruno Latour's work *ARAMIS or the Love of Technology* originally published in 1993. According to this approach, problems which in one scenario can be seen as minor technical glitches can in another be seen as heralding a new age, a fundamentally different trajectory (of, say, the automobile), which therefore must be anticipated. Hence, radical inventions are promoted and developed to the extent that they can be constructed as reasonable responses to futures which strongly deviate from the present. This implies reconfiguring and reinterpreting the connections between artefacts (as in electric cars), and this in turn often involves reshaping or inventing from scratch new artefacts which fit the new system or in Callon's and Latour's terms, are appropriate to the relevant *actor-network*. In order to understand this process, therefore, it is essential to see artefacts as social actors, with all the recalcitrant 'stubbornness' and unexpected 'inventiveness' which sociologists such as Bourdieu and Touraine have accorded to the beings who populate their social worlds. The material/physical/technical can, in other words, not be taken as given in sociological analysis, any more than the engineers of today can take as given the social futures in which their innovations will compete for success.

The common theme in these three articles, namely the dialectic between the social shaping of technologies and the social impact of technologies, is developed in varied ways in other contributions in the anthology, which cover empirical objects as disparate as the gyroscopes that guide(d) American intercontinental ballistic missiles (MacKenzie) to the use of magnetic compasses on Portuguese galleys in the twelfth century (Law). The impact of the anthology

probably lay in this, that it demonstrated quite concretely that it made sense in a wide variety of contexts to discuss interactions among physical things and among social things 'in terms of the same analytical vocabulary' (Law in Bijker et al.: 114), at least as long as the attention is focused on technological change.

Since then, a large number of anthologies has been produced by changing constellations of researchers variously located within the field, and some of the more important ones can be found in the bibliography below. The journal *Technology and Culture*, as well as *Science, Technology and Human Values* and *Social Studies of Science* have also become important avenues for publication for the products of this field of studies, although they can be found in many other publications besides. However, the original programme proposed by Callon and Latour, and subscribed to by the other authors mentioned so far in some degree, namely to create a new and alternative approach to society on the basis of technology studies, has not materialised. The heterogeneity of the field in terms of methodological and theoretical frames of reference has, if anything, increased. However, it is now generally recognised that innovation is a major competitive factor that needs to be nurtured and cannot be left to so-called market mechanisms alone. This has in turn led to a growing interest in innovation studies, innovation policy and learning, which, for example, are the main topics for social science studies which are funded by the European Union. Simultaneously, (and funding mechanisms and career opportunities probably have a lot to do with that) one can detect a centrifugal motion within social studies of science and technology itself, particularly among the 'second generation,' that is, a return back to economics, sociology and history. While technology issues become more relevant to policy discussions, disciplinary traditions appear more relevant to technology issues, or, perhaps, to the careers of those involved. The field has in recent years therefore become bifurcated rather than chaotically pluralistic.

On the one side of this divide, we find, for example, Charles Edquist, an economic historian and Bengt-Åke Lundvall, a sociologist turned economist, who have focused on innovation management, research policy and national innovation systems. The label 'political economy of innovation management' would be appropriate for this group and its activities, which is also known as STI studies (science, technology, innovation). The work of this group within social studies of science and technology is closely related, conceptually and otherwise, to a sustained effort to develop an economics of technological change exemplified by the work of Luc Soete and Christopher Freeman. This latter work has been part and parcel of the social studies of science and technology scene while these authors, however, have pursued their own discipline oriented agenda vigorously.

On the other side, we find the STS people (science, technology, society), for example Johan Schot, a central figure in the Greening of Industry Network, and Steven Woolgar, the coordinator of a megaproject funded by the British government on 'Virtual Society,' who continue to develop the multidisciplinary tradition, but with an emphasis on the cultural shaping of science and technology. In this group, of course, also belong various derivatives of the original interpretative sociologies of technology developed by Bijker, Pinch, Latour and Callon, which emphasise detailed description and analysis of negotiations, conflicts and consensus (see for example Law and Hassard 1999). This group has generated a large number of micro studies as well as theoretical work on the relation between science, technology and society, gender issues, consumer concerns and environmentalism, and in particular addressed issues of popular participation, technology and democracy (e.g. Rip et al. 1995, Irvin and Wynne 1996).

The possibility to connect economic sociology and social studies of science and technology is therefore woven of two rather distinct strands. On the one hand, as R&D policy and innovation management studies are mainstreamed, many of the issues analysed by economic sociologists surface as important, and Mark Granovetter, among others, is frequently quoted by people working in this vein. The question how new markets are constructed, maintained and expanded is, for example, relevant for both economic sociology and for science, technology and innovation studies. Another conceivable meeting place is innovation diffusion, which both economic sociologists and innovation economists have discussed without much cross-fertilising occurring as yet, and the same can be said of the construction of networks and alliances around the invention and launching of new technologies.

On the other hand, there is a rich lode to be mined in the intersection between economic sociology and the more interpretative strands of the science technology and society discourse. Many of the science based technologies evolving fast today (genetic engineering, for example) are heavily dependent on the particular constructions we choose to put on their ethical and social aspects (and some of them may therefore end up in the same place as the intercontinental ballistic missiles analysed by MacKenzie, perhaps by an equally winding path). Electronic communications technologies based on the internet are also entering mass markets and leaving the stage where computer experts set the agenda. In acquiring momentum, they are also being transformed from information technologies to the technologies of global mass culture. The cultural elements of innovation processes are therefore essential, not tangential, to understanding what is happening, and a relevant economic sociology must perforce take account of that.

### **Bibliography**

Below a few of the most important titles within social studies of science and technology are listed, but searching on the names of these authors in library, booksellers' or article databases and citation indexes will of course turn up many more titles. First, however, a few useful links:

<http://www2.unimaas.nl/~necsts/>

<http://www.comp.lancs.ac.uk/sociology/antres.html>

<http://www.tema.liu.se/tpi/p6eng/defaulteng.htm>

<http://www.ensmp.fr/~latour/index.html>

<http://www.sociology.columbia.edu/faculty/stark/courses/g8200/syllabus/>

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# Economic Sociology in Italy

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According to the three major essays on the “state of the art” of Italian economic sociology, we can delineate two major fields of interest: (a) industrial districts and Italian development; and (b) industrial relations and the “social regulation of economy” (Martinelli, 1985; Bonazzi, 1992; Regini, 1996a)<sup>1</sup>. Both of these topics are strongly linked to the particular features of the Italian model of development, and they are empirically oriented rather than theoretically driven. Nonetheless, as I will show in the last section, the recent debate has also addressed some theoretical issues (e.g. Mingione, 1997; Trigilia, 1998; Mingione and Laville, 1999). Industrial sociology, labor market analysis and sociology of work will not be touched upon in this overview, since they all follow their own traditional trajectories.

## 1. Industrial Districts and Italian Development

The first of our two fields has been a very active one, and it still is very much alive. Two related issues dominate the discussion: the analysis of the so-called “Third Italy”, mainly due to the works of Bagnasco and Trigilia, and the study of Italian development. The study of the “Third Italy” has involved also some economists (e.g. Becattini and Brusco) and it has contributed to outline important concepts, such as “industrial districts” and “flexible specialization”, both widely used in the international debate (e.g. Piore and Sabel, 1986).

In his work Bagnasco shows how the Middle and North-East Italian regions have followed development paths different both from the North-West “fordist” development and the South state-assisted one (Bagnasco, 1977). Small and medium-size enterprises, widespread entrepreneurship and good economic performance have been closely linked to characteristics such as trust, reciprocity relations and a shared local identity. In the words of Bagnasco and Trigilia, the institutional preconditions of these regions have allowed for communitarian market behavior, instead of an individualistic one (Bagnasco and Trigilia, 1984, 1985; Trigilia, 1986 and 1997). The more important of these preconditions are: the pre-existing forms of small agricultural entrepreneurship, the peculiar relation between urban and rural areas, the role of extended family and the homogeneous political sub-culture (Paci, 1999). Bagnasco discusses this type of phenomena in terms of “The Social Construction of the Market” (Bagnasco, 1988). In this book he also raises several theoretical questions of relevance to economic sociology, but he does not construct a full theory. He takes a very “historical” approach to sociological explanation; he focuses on single events and he rarely generalizes. Also Trigilia struggled with important theoretical problems when he confronted Williamson’s transaction cost economics from the viewpoint of new economic sociology (Trigilia, 1989). But, also in his opinion, the very purpose of economic sociology is to deal with historical contingency and to explain the diversity of economic assets. Following Raymond Boudon thesis and in order to differentiate their approach from a purely historical one, Bagnasco and Trigilia have argued that economic sociology should build “local models” instead of general laws (Boudon, 1986).

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<sup>1</sup> The author is grateful to R. Azarian, S. Bertolini, M. Follis, M. Regini, R. Sciarrone, R. Swedberg, C. Trigilia and O. Vidoni Guidoni for help and comments.

The most recent contributions in the discussion of industrial districts try to understand their capacity to face the new economic challenges, and in doing so they refer explicitly to New Economic Sociology (Parri, 1997a, 1997b). Parri, for instance, shows how the institutions in some districts arise not as “efficient solutions” to given economic problems (Williamson). Instead, the institution-building process demands the solution to several collective action problems. Using game theory in a heuristic and non-formal way, Parri illustrates how social resources like social capital and institutional leadership can provide a solution to these collective action problems. Parri also tries to identify the possible evolutionary paths of Italian districts and to locate the mechanisms which allow their reproduction.

The second theme, -Italian development- is mainly about the South of Italy and the most relevant findings in the recent debate are the following. First, it is not correct to speak of “A Southern Question”, since the South shows quite a bit of “internal variance”, and it is not possible to reduce everything that happens to just one model (Mutti, 1994a). Second, the underdevelopment of the South is not only due to economic factors; Trigilia shows, through a “New Comparative Political Economy” approach, the importance of socio-political variables for the development of the Southern Italian regions (Trigilia, 1992). Third, not only “universalistic” but also “particularistic” actions by some elites have turned out to further economic development (Mutti, 1994b). In sum, the Italian case does not allow for any easy generalization, something which is also illustrated by various critiques of Putnam’s ambitious interpretation of Italian development (Mutti, 1998; Bagnasco, 1999).

A further area of interest is that of unemployment, the informal economy and the class structure (Accornero e Carmignani, 1986; Reyneri, 1984; Paci, 1982). I will not go through these themes here, but it must be pointed out that they are related to the problem of Italian development and may lead valuable interpretations of the Italian situation (e.g. Gallino, 1998).

## **2. Industrial Relations and Social Regulation of the Economy**

Many Italian sociologists are also concerned with the so-called “diversity of capitalism” and the place of Italian capitalism amongst these models (e.g. Regini, 1997). At an early stage a journal was founded, called *Stato e Mercato* (1981-), and its contributors have drawn attention to the relation between politics and markets (Bordogna and Provasi, 1984), to industrial relations (Cella and Treu, 1998), and to the process of “political exchange” between the state and trades union (Regini and Lange, 1987; Regini, 1995). A few economists have also been involved in the debate in this field (e.g. Salvati e Santagata).

According to Bonazzi, Italian scholars have otherwise focused on two main themes (Bonazzi, 1992). First, they have pointed out that the category of “neo-corporatism” is unsuitable for an analysis of the Italian situation, and they have also tried to replace it with another concept, “political exchange”. This latter concept allows you to understand the privatization of the public sector, which characterizes the development in Italy after World War II. By this is meant that the state did not regulate the economic system; it was rather private interests that invaded the state in order to obtain public resources (Amato, 1976). Nevertheless, it must be added, other analysts have pointed out that a “political exchange” under certain conditions can also support public objectives.

Second, the relationship between individual and organized interests should neither be seen as a subordination of individual interests to the general interests of the trade unions organizations, nor as a convergence between the two. Rather, the Italian contributions

emphasize the variability of their relationship. Actually, the problem of “political exchange” and the one regarding the relationship between individual and organized interests are strongly related. In fact, in a “political exchange” the state and organized interests, such as trade unions, both act on a “political market” and follow the logic of exchange. The trade unions aggregate the individual interests and assure social consensus to the state, and then the state will produce policies which favor the working class. This exchange, however, suffers from an “asymmetric temporality”, in the sense that the consensus comes at once, while the policies demand a long period for policy making and implementation. Trade unions must aggregate a high number of individual interests in order to assure social consensus, and because of the “asymmetric temporality”, they must also have a relationship based on trust with the individual interests they represent (Regini, 1995). In this way, the neo-corporatist strategy of encompassing organizations, which participate in the public decision making process and which combine working class interests with general interests, is made more problematic.

### **3. The Current State of the Theoretical Debate**

Since the early 1990s several scholars have explicitly tried to add theoretical themes to the agenda of Italian economic sociology. Some have been concerned with the general relationship between economy and society (Mingione, 1991); others have focused on single authors (Martinelli, 1986; Cella, 1997); and a few have attempted to analyze specific issues (Mutti, 1992 and 1998; Magatti, 1997). Some of this material can also be found in a few anthologies (Addario and Cavalli, 1991; Martinelli and Smelser, 1990; Magatti, 1991 and 1995).

To simplify the situation I will single out three major topics in the recent theoretical debate in Italy. The first involves the epistemological consequences of the territorial problematic of the Italian development. Bagnasco, for example, examines the theories of Putnam and Fukuyama, and then confronts them with that of Coleman. He argues that Putnam and Fukuyama use a deterministic paradigm to study trust and social capital, and that they view social capital as a product of history (Putnam) or as a result of a cooperative culture (Fukuyama). On the other hand Coleman, according to Bagnasco, inserts social capital into an interactionist paradigm and, in doing so, contributes to our understanding of how trust and social capital are created. Bagnasco refers to social mechanisms in this context; these offer the best epistemological middle-ground, in his opinion, for a dialogue between theory and empirical research. Similarly, Trigilia argues that economic sociology should build “local models” instead of constructing general laws. (Trigilia, 1998).

The second theoretical issue on the agenda of Italian economic sociologists has to do with the concept of social capital. It has, for example, been argued that this concept becomes more useful if it takes into account the tradition of political economy. An effort has also been made to look at the possible applications of social capital to the study of Italian society (e.g. Stato and Mercato, n. 3, 1999). Mutti suggests that we investigate how legitimate political systems can produce trust, cooperation and development by using positive and negative incentives (Mutti, 1998). Trust, Mutti says, is not only a product of history and civil society, but it can also be intentionally built by the state. Another contribution is that of Barbieri, who links the macro-models of welfare capitalism to the role of networks in labor market regulation and the reproduction of inequality (Barbieri, 1998). The relation between social inequality and social capital also constitutes a central issue in the work of some other scholars (Bianco, 1996; Bianco and Eve, 1999). They especially emphasize the need to make a distinction between “collective” and “individual” social capital; the former refers to the structural and normative features of a given society, while the latter looks at the resources that individuals manage. Finally, there is the work on social capital by Sciarrone, who applies this concept to the study

of the Mafia's organizations. As a complement to Diego Gambetta's economic theory of the Mafia, he argues that the business of crime and power is strongly linked to the Mafia's capability to reproduce social capital ties and resources not only in the traditional areas, but also in new and non-traditional areas (Gambetta, 1994; Sciarrone, 1998).

Finally, the third theoretical topic is the embeddedness of economic action. The very different ways in which the concept of embeddedness has been approached in the Italian debate confirm that it has become a "conceptual umbrella". Here we find three very different contributions. The first is that of Mingione, who is interested in rethinking the concept of embeddedness at a macro level, more precisely as an historically contingent mix of regulative principles (Mingione, 1999). The transition to a post-fordist (or "fragmented") society, he says, cannot be understood with the same conceptual tools as the fordist (or "intensive") society. The discontinuity between the two is too large, and we need a more suitable mix of regulative principles or a different approach to the idea of embeddedness.

The second contribution comes from Magatti, who focuses on the micro level of the problem (Magatti, 1997, 1999). He tries to clarify the possible relations between New Economic Sociology and New Institutionalism. The latter views social action as governed by routines, cognitive maps and habitus, which are all linked to the institutional environment. In Magatti's opinion, this conception may underestimate the possibility of calculated action, which still exists in institutionalized markets. New Economic Sociology, on the other hand, pays more attention to the problem of calculus and is therefore better at analyzing market dynamics. The last work on the problem of embeddedness looks directly at the analytical dimension of this concept, and is especially useful for analyzing the labor market (Follis, 1998). Follis argues that Granovetter's theory of embeddedness does not allow us to understand the specific mechanisms which govern interaction in the labor market. More specifically, he points out how interpersonal networks can rely on many different mechanisms, such as information, reputation, trust and reciprocity.

In general, it is possible to notice a tension in the Italian debate between approaches which are mainly concerned with what goes on at the micro level, and those which focus on what happens at the macro level. Until now the Italian tradition has been influenced more by the political economy tradition (macro) than by New Economic Sociology (micro). Considering the fact that most of the relevant advances in economics have been located on the micro level, one would assume that there would be an extra wide distance between economics and economic sociology in Italy. This is not completely true, however. Parri's evolutionary approach to industrial districts can, for instance, easily enter into a dialogue with evolutionary economics, which is well established in Italy (e.g. Dosi and Egidi, 1991). Nonetheless, for the moment, the micro dimension of Italian economic sociology is still underdeveloped, apart from a few exceptions (e.g. Bagnasco and Negri, 1996; Cella, 1997).

In sum, the strong tradition of political economy in Italy may in the future operate both as a constraint and as a resource; it may prevent economic sociology from developing in an autonomous fashion, but it may also enrich it. Indeed, the most recent debate points towards the second possibility. Mutti's suggestion, for instance, to look at the ways in which a legitimate state through proper incentives can promote trust and social capital in civil society, shows that the two traditions of economic sociology and political economy can be fruitfully related to one another.



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Luc Boltanski and Eve Chiapello *Le nouvel esprit du capitalisme (The New Spirit of Capitalism)* Paris: Editions Gallimard, 1999, 843 pp.

This monumental and passionate work in critical social science is the product of two Paris sociologists, Luc Boltanski and Eve Chiapello. The latter is the author of *Artistes versus managers* (1998), while Boltanski is the author of many sociological works, including (with Thévenot) *De la justification* (1991). According to Boltanski and Chiapello, the contradiction of our time consists of the present coexistence of the expanding hale and hearty global capitalism and social-economic, ecological and distributive degradation and inequalities. Part Two of the book (pp. 239-419) describes the recent transformations of capitalism in detail (changes at the workplace, the new role of the state etc.) and highlights the ensuing disarmament of critique (e.g. the inapplicability of the concept of social classes). But against fatalism, the authors want to strengthen 'résistance' in the social and artistic dimension (non-authenticity, standardization, general disenchantment).

Capitalism is presented as an absurd system (insatiability, aimlessness, production of riches and poverty), which needs symbolic compromise representations, first to excite and motivate economic actors, second to represent an idea of the common good, and third to develop an image of social identity and security (p. 60; see pp. 579-589 for a summary of the general argument). In the tradition of Weber and Sombart the book analyses what is called the third ideological configuration of the capitalist spirit, which emerged in the 1980s. The empirical basis of the authors' description is the hermeneutical comparison of some 60 books of the managerial literature of the 1960s, which represents the old "industrial mode", and some 60 contributions in the 1990s (cf. here Boltanski, *The Making of a Class*, 1981). Boltanski and Chiapello distill central notions from this literature, their changing meaning and their frequency (see the annexes on pp. 641-662). The key element is what they call the metaphysics of the network pattern, including the positive judgment of adaptation, change, flexibility, teamwork, communication, creativity, and what the French call generalized "souplesse." These principles replace the former concepts of organizational hierarchies and authorities, secure material progress and careers as core concepts in the literature of the 1960s.

Maybe the best part of the book is devoted to the formation of what the authors call "la cité par projets" (pp. 154-238), a new principle of justification or value reference besides the other six major political metaphysics of greatness in human history (the highly original seven cités are elaborated in the aforementioned book with Thévenot): the inspiring (greatness by prophecy or artistic genius), the domestic (greatness by hierarchical position in a system of personal dependencies), the renown (greatness by the number of positive opinions), the civil (greatness by expressing the common will), the market (greatness by success in money generating transactions), and the industrial set (greatness by the display of efficiency and professionalism in organizations; see the summary on pp. 61-65).

The ontology and anthropology of the metaphor of the project implies a multitude of temporary contacts to realize projects (job, leisure etc.). "Greatness" of the project is here defined by the principle of general activity or activism; and on the level of the self there is voluntary engagements, connections with others, and embeddedness in expanding networks of contact. Constant project changes are accompanied by enthusiasm and heroism. The central asset becomes the accumulation of social capital, especially the integration of separated network structures (R. Burt's structural holes). This necessitates a charming, autonomous, flexible, communicative, opportunist and morally light character, and a permanently more or

less superficial mental radar screening of the environment. The opposite behavioral code is characterized by an aversion to constant project changes, that you stick to basic values and specific people, to specific networks, etc.

What is characteristic of this part of the book is the critical perspective that the authors direct at the phenomenon of networks. While most of the network literature underlines the innovative aspects of the project and network patterns, the authors underline their social and personal costs. On the one hand, they offer a hermeneutically excellent, intuitive analysis in an illustrative language of the world view of the project which far transcends the confines of a new ethics of competition. They also elaborate a phenomenology of the modern mind and society. On the other hand, they decipher its expression in the present (scientific) literature on chaos, complexity, communication and in the French (structuralist) tradition.

The authors argue that the new network-project configuration represents the thesis of a new form of exploitation: the greatness of the flexibles depends on the inflexibility of the un-modern inflexibles who supply the information of their networks but who have no contact and information beyond their structural holes, so that the asymmetry of knowledge and contacts between flexibles and inflexibles deepens. On the supra-individual level the more flexible units in time and space (e.g. financial markets versus multinationals; multinationals versus countries; see p. 459) can always exploit the less flexible and mobile units (Bourdieu's 'flexploitation'). The artistic critique formulates the personal and mental problems of the flexible networker, his or her anxiety to be disconnected (handymanism), the exhaustion due to forced autonomy, and the divide between flexible adaptation and the need for authenticity. To constantly adapt to different persons and projects may tax the capability for unfocused enthusiasm and lead to behavioral changes and thematic indifference; and the question may emerge what a person's true identity and convictions may be. Not only an internal critique but also an external critique can be formulated. The project pattern can also be seen as a corrective against the other six aforementioned symbolic sets (e.g. the authoritarian domestic set). Here the critique is that the project type begins to dominate the other types in an unhealthy way.

This very rough summary of *Le nouvel esprit du capitalisme* cannot do justice to its very sensitive, intelligent and dialectical way of arguing, to the discussion of other positions (e.g. in the footnotes, pp. 663-777), and to the valuable bibliography (pp. 779-807). This work is empirical, philosophical, political, and sociological at the same time. It is value neutral in that it focuses on some undeniably real changes in our social and economic world; but it is also characterised by a value commitment in that it does not conceal the high price of the emerging global capitalism, seen against the background of the modern value system of liberté (authenticity), égalité (adequate living chances for everybody) and fraternité (rejection of brute egotism and oppression in human interaction, see p. 82).

Boltanski and Chiapello's book is a fine example of the French tradition of critical hermeneutical research. Hopefully the authors will condense their major points in journal articles or in a translation of the book in English (maybe without part two on the well known recent transformations of capitalism). It should be mentioned that this study is a work in progress and that some criticisms can be made of it as well. The authors, for example, only discuss the French management literature; they see the world economy as simply dominated by some 200 world firms; the problem of relativity has not been properly resolved (sometimes they argue from within a cit , sometimes from an implicit meta-position beyond the relativity of all cit s); and the ecological dimension is almost missing. Is it really true that social

(networking) capital represents the dominant type of capital besides human and economic capital? Does the power of flows in networks really take precedence over the flows of power? *Le nouvel esprit du capitalisme* is in many ways an invitation for further research and debate.

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Bruce G. Carruthers and Sarah L. Babb, *Economy / Sociology: Markets, Meanings, and Social Structures* Thousands Oaks, CA: Pine Forge Press 2000, 254 pp.

For the first time a textbook in new economic sociology has appeared in English, marking yet another step in the establishment of this research field as a distinct academic discipline. The book proceeds, as the author themselves put it, "from the micro to the macro" issues, focusing on economic topics with a gradual increase in the scale. It starts with the symbolic meaning of commodities in the eyes of individual consumers in Chapter 2, and goes on treating national economic development in Chapter 6, and globalisation in Chapter 7. The red thread that keeps together such diverse issues is, however, the market, i.e. its organisation, its functioning and its outcomes considered at various levels.

The first chapter, *The Embeddedness of Markets*, introduces the main message of the book, namely the fundamental notion that markets are neither natural nor inevitable phenomena but rather "social constructions". To demonstrate this, the authors first maintain that four particular preconditions are needed for markets to exist (property rights, buyers and sellers, money, and information). Then they argue that these conditions cannot be met by markets themselves and must be provided from the outside. In particular, they emphasise the role played by governments and the impact of informal social relations, but also the significance of social institutions and culture.

The second chapter, *Marketing and the Meaning of Things*, focuses primarily on symbolic aspects of commodities and subjective experience of consumption. It deals, for instance, with how people attach symbolic meanings to the commodities they consume, and how certain messages concerning social status, lifestyle and self-image are mediated through consumption. The chapter also addresses the question how such meanings are culturally determined or can be shaped through marketing and advertising aimed at creating market demands.

The next chapter, *Networks in the Economy*, presents the insights produced by the most vital current within New Economic Sociology, namely network analysis. It discusses the bearing of social networks on the functioning of markets across levels and spheres. More specifically, what is discussed is the importance of both personal and inter-organisational networks for mobilising and transferring crucial economic resources. Individuals often use their personal relations to find jobs or acquire credit, while organisations benefit from various networks shaped through interlocking directors, joint-venture agreements, equity ties, research and development partnerships, etc.

In chapter 4, *Organisations and Economy*, the authors take a historical view and discuss the rise of large corporations dominating much of the leading sectors of modern economy. Reviewing the literature on the topic, they provide the reader with a summary of the discussion about the causes and implications of this development, with the emphasis on its impacts on the working of market mechanism and competition. Also the internal structure of large firms are considered, with special attention paid to authority relations and the formation of internal labour markets.

Chapter 5, *Economic Inequality*, is one in which the authors argue how markets generate and maintain economic inequality and how the unleashed market forces of our days are creating more inequality than before. Carruthers and Babb also challenge the prime justification of such inequalities in economic theory, namely the idea that economic inequalities generated by

market lead to the most efficient economic outcomes. Discussing primarily the American economy, the authors also focus on the discrimination against women and ethnic minorities in labour markets, arguing that until recently such discriminations have enjoyed lawful support and that they, despite legal abolishment, still persist in various forms.

Chapters 6, *Economic Development*, takes issue with the free market model of development. After a brief discussion of the notions of development and under-development, the chapter offers an account of how underdeveloped countries have, during the second half of the twentieth century, been experimenting with development models of various types, all ascribing state intervention a rather central role. In the face of the recent revival of free market models, the authors also discuss the need for a new sociology of development and suggest some of the main features of such an approach, including the variety of ways in which capitalism can be institutionalised.

In chapter 7, *Globalisation*, it is argued that though the world-wide inter-connectedness of societies in itself is not new, the recent economic globalisation is due to the technological and organisational innovations. These innovations which are brought about by capitalism, have resulted in an enormous increase in mobility of goods, people and capital. The authors then consider the impact of this development on the embeddedness of markets and argue that, though the ultimate outcome is yet to be seen, some features can nonetheless be observed. The forces of globalisation have contributed to the emergence of a global culture and to the formation of new forms of economic organisation. But they have also undermined the power of national states by providing the institutional frameworks in which these markets have been embedded. This point is followed in the final chapter of the book, *Conclusion*, which mostly expresses the authors' concern with the threat that economic globalisation poses to the diversity of forms of market embeddedness in national settings, and which ends with the following remark: "One of the biggest challenges today is to keep forces of economic globalisation from destroying those forms of market embeddedness that are most compatible with human welfare".

As a textbook written for undergraduate American students, *Economy / Society* offers an easily accessible and transparent introduction to economic sociology. It also provides an opportunity for its target group to stay immune to the misconception that economics is *the* way to understand phenomena of economic life. The book makes the reader curious and this is a valuable quality for an introductory textbook. It is also rich in examples familiar to the average student and draws on recent results from several research traditions such as new economic sociology, organisational theory, new political economy, feminist studies and sociology of consumption, though this freshness is won at the expense of the heritage of economic sociology in classical works. But above all, there is a strong emphasis in the book on the contextuality of market relations and the variety of the developmental paths. On the whole, *Economy / Society* by Carruthers and Babb meets an important need and is most welcome.

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Gertraude Mikl-Horke, *Historische Soziologie der Wirtschaft. Wirtschaft und Wirtschaftsdenken in Geschichte und Gegenwart (Historical Sociology of the Economy. The Economy and Economic Thought in History and in Contemporary Time)*. Munich/Vienna: Oldenbourg 1999, 799p.

The scope of this volume and the extent of the literature referred to is clearly admirable. In her historical sociology of economics, Austrian sociologist Gertraude Mikl-Horke, whose speciality is the sociology of work, presents a well informed and in most parts clearly written compendium of 5.000 years of socio-economic history and economic reasoning.

The author starts out by depicting the organization of trade and production in the Old Empires of Mesopotamia and Egypt, and she then goes on to outline the social structure and economic institutions of Ancient Greece and the Roman Empire. This is followed by a discussion of the socio-economic innovations during the Middle Ages; "feudalism" is a term she rightly rejects due to its lack of precision. Mikl-Horke stresses the continuity between Antiquity and later periods, but also makes clear that the difference between the two eras does not so much lie in the existence in Antiquity of slavery and a central political organization, and in the existence in the Middle Ages of a multiplicity of personal degrees of freedom (or serfdom) and a dissolution of a clear-cut power structure. It is rather so that a distinction has to be drawn between private property and formal law in Antiquity, and the blurring of property rights and the intricate mixture of personal and material jurisdiction in the Middle Ages.

Mikl-Horke then continues with an interesting chapter on the trade capitalism of the 15<sup>th</sup> and 16<sup>th</sup> centuries and the Reformation - a subject, however, on which Braudel's *Wheels of Commerce* remains unsurpassed. She further describes the central role of the absolutist state and its executives in the establishment of territorially integrated markets, and in a couple of steps she explores the birth of modern industrial capitalism and its diverse transformations during the last two centuries. The Industrial Revolution in England is, e.g., explained by a multitude of factors. The author not only rejects the much too simple thesis that industrialization was the result of technological innovations; but also dismisses the still widespread assumption that the industrial take-off was the result of a change in the agricultural mode of production. Instead the following events are singled out as decisive for the "English Miracle": the "consumer revolution" of the 18<sup>th</sup> century (to a great deal inspired by colonial trade), the financial innovations around 1700 (invention of bank notes, foundation of the Bank of England, constitution of public debt), and a new scientific spirit.

The reader gets to know about the different ways and forms in which the Industrial Revolution conquered the continent, and here the focus is mainly on France, the Netherlands, Prussia and Austria, while Italy, Spain and eastern Europe are mentioned only in passing. The reader is also informed about how entrepreneurial efforts changed into nationally specific organizational forms of capitalism and how the welfare state came into existence. While a somewhat exotic topic such as "the theory and practise of the national-socialist economy" is treated in detail, important topics such as the planned economies of the East have almost been omitted. Despite this type of flaw Mikl-Horke's volume constitutes a valuable socio-economic history of Europe (including a few excursions into the rest of world). It also includes accounts of several ongoing debates (e.g. of the question whether there existed a form of capitalism in Antiquity, the nature of feudalism or, as already mentioned, the causes of the Industrial Revolution); and it furthermore lists much of the literature from the two last decades (there is, however, no subject index, which would have been very useful for the reader).



Mikl-Horke, to be exact, not only gives an account of the socio-economic development of the Western world, but also of the different interpretations of "the economy" which can be found in various thinkers. The "economic writings" of Aristotle and Xenophon are presented as well as medieval works on usury, tradesmen's manuals from the Renaissance, and the political economy of the 18<sup>th</sup> and 19<sup>th</sup> centuries. Mikl-Horke's discussion of economic ideology fulfils an important function. All in all, the author has three aims. First, she wants to sketch the "embeddedness" of economic processes and structures in non-economic contexts throughout history, without assigning priority to either material or ideological factors. Second, she tries to show that the notion of "economic reason" has at least two faces - one which is individualistic and utility-oriented, and another which is socially-minded and concerned with the well-being of the whole group - and that economic theory influences or even forms economic practise. And third, she wants to discuss and criticize the differentiation of economics and sociology into separate sciences.

Mikl-Horke mentions far too quickly that the founders of sociology were concerned with substantial economic problems (Marx, e.g., is dealt with on two and a half pages only, and Weber's contribution to economic sociology is nearly not discussed at all). She correctly deplores the neglect of economic questions in Western post-war sociology and the corresponding reign of rational choice explanations. She also makes a plea for a "New Economic Sociology", which should focus on the market, modes of production, banks, trade networks and other core subjects of the economy, instead of just picking up the crumbs that are left over by the imperialism of neo-classic economics. That this latter process has already begun is illustrated by her report on recent research in the field of economic sociology, which covers topics such as network analyses of the "political structure" of the American industry and of the financial power of pension funds.

Mikl-Horke's own contribution to revive economic sociology is somewhat restricted, but this is a shortcoming that can be excused by the fact that she has produced a handbook, which in the nature of things piles up old knowledge rather than creates new knowledge. The main and somewhat hidden thesis of the book is that the market, which is supposed to be the central institution of capitalism, does not emerge, spread and penetrate the whole of society in some automatic manner, but has always been installed or created through political action. This is a point that has also been made by Polanyi to whom Mikl-Horke owes a lot. Her argument is especially convincing when she describes the efforts of the absolutist monarchs to strengthen their power through mercantile politics and when she analyses the effects of the market rhetoric of 19<sup>th</sup> century theorists as well as when she denounces the objective constraints of globalization or the alleged necessity to free the movement of capital, goods and especially manpower from all restrictions according to neo-liberal ideology.

It is evident that there is a moral dimension to Mikl-Horke's argument. She openly confesses that her motive for writing a historical work of this type has to do with the present situation. But from the fact that markets have been invented rather than discovered does not follow - unfortunately, one might add - that institutions do not obey an inner expansionist and potentially catastrophic dynamism, which is difficult to tame. Here, as elsewhere, more precise and vigorous discussion of economic theories and key concepts would have been useful.

Mikl-Horke is correct to underline the continuities of such economic institutions as slavery, serfdom, property, money and trade corporations. She also does well to adopt Braudel's

stance that the history of economic areas must not be mixed up with the history of empires; the former can survive, while the latter crumble. She is finally also correct in stressing the co-existence of traditional and modern elements in economic behaviour - but she throws out the baby with the bath water when she fails to properly distinguish between various economic epochs; in brief when she does not transform the historical material into a theory of economic history. That is why *Historische Soziologie der Wirtschaft* cannot replace *Modern Capitalism* or *General Economic History*, even if it corrects some of the errors of a Sombart or a Weber. To update these two works is consequently a task that still remains to be done.

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## **Fout! Bladwijzer niet gedefinieerd.**

Philippe Steiner, La sociologie économique Paris: Editions La Découverte, 1999. 123 pp.

It is a clear sign that an academic field is in the process of being institutionalized when textbooks and introductory books start to appear. And this is precisely what is just now happening to economic sociology - in Russia, France, Germany and the United States. The author of the French contribution - Philippe Steiner (Université de Paris IX-Dauphine) - is a wellknown historian of economic sociology and economic thought, and the author of two major studies: (with Jean-Jacques Gislain) La sociologie économique 1890-1920 (1995) and Sociologie de la connaissance économique (1998). Steiner is also one of the editors of the collected works of Jean-Baptiste Say.

La sociologie économique consists of four chapters of dense text, amounting to a little more than a hundred pages. The general thrust of the argument is that economic sociology can do better than economic theory on a number of topics since it takes the social dimension of economic behavior into account. 'Hic rhodus, hic salta!', as the author says. While critical of mainstream economic theory, Steiner also emphasizes that it is necessary with a collaboration between economic theory and economic sociology. La sociologie économique is squarely centered around the market phenomena, and the reason for this, the author says, is that the market is at the center of economic theory as well as of the modern economy. Most of the literature that is referred to is North American, although an effort has been made to also cite non-American, mainly French, works.

Chapter 1 is entitled "From the Old to the New Economic Sociology", and by old economic sociology the author means the classics, especially Weber, Durkheim and Pareto (Simmel is barely mentioned in the book). Pareto's views on the division of labor between economic theory and sociology is approvingly cited, as is his theory of entrepreneurship. The main focus, however, is on Durkheim and Weber. The former is identified with "institutions" and "social representations", and the latter with "social action". New economic sociology is represented by Mark Granovetter and his theories of "embeddedness" and "the social construction of economic institutions".

Chapter 2 ("The Economic Sociology of the Market") starts with a brief review of what economists mean by the market, and then continues with a presentation of the alternative views of Polanyi ("the historical embeddedness of market relationships") and Granovetter ("the structural embeddedness of market relationships"). Economists, the author argues, tend to operate with a pre-social view of the economy, from where they directly proceed to an analysis of economic behavior. Economic sociologists, on the other hand, are well aware that economic phenomena are always "socially mediated" and that the social dimension influences economic behavior. The author's argument is nicely illustrated with a figure on page 41 (which again reappears, in an expanded version, on page 106).

The next two chapters constitute the main bulk of the book and deal with "The Social Construction of Market Relationships" (Chapter 3) and "Social Networks and the Functioning of Markets" (Chapter 4). The author presents some examples to show that markets do not appear automatically in history, as economists seem to think, but are instead the result of power struggles and social interactions more generally. Two of the examples that are used come from the works of Marie-France Garcia and Mark Granovetter. This argument is followed by a discussion of money (drawing mainly on Viviana Zelizer), financial markets (drawing mainly on Mitchel Abolafia) and the labor market (Granovetter). Some writings on competition are also

cited (Ronald Burt and Neil Fligstein). The chapter ends with a fine presentation of "the structural approach to markets" of Harrison White.

The last chapter, "Social Networks and the Functioning of Markets", contains a minicourse in network theory, with explanations of concepts such as centrality, structural equivalence and the like. The ideas of Granovetter in Getting A Job are again referred to. Brian Uzzi's discussion of one-shot relationships in the market versus embedded relationships is commented upon, as is the danger of a purely formal approach to network theory (Burt). The chapter closes with an excellent section on "The Cognitive Embeddedness of Economic Behavior" (pp. 101-08), in which the author argues that economic sociology has to draw on the sociology of knowledge in order to analyze certain forms of economic behavior. The impact of economics on society is one of these; the different kinds of economic knowledge that can be found in different social groups is another.

For the second edition of this work the author may want to include material on other aspects of the economy than the market, and perhaps have sections on industrial sociology and economic organizations. There is also a need, in my opinion, for more material on Weber and Simmel as well as on Bourdieu and Boltanski (the last of whom is not even mentioned). All in all, however, Philippe Steiner's book represents a more than able introduction to the field of economic sociology, and it will hopefully get the wide readership that it so well deserves.

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## ANNOUNCEMENTS:

### **The Society for the Advancement of Socio-Economics (SASE)**

will hold its 12th annual meeting at  
The London School of Economics (LSE)  
7-10 July 2000

The Theme of the meeting is "**Citizenship and Exclusion**" and there will be a number of special sessions organised around this issue and its implications for societies as they strain to adapt to life in a globalising economy. Keynote speakers include **Anthony Giddens**, the director of the London School of Economics. For more information please visit SASE web site at: [www.sase.org](http://www.sase.org), or contact the SASE office through e-mail: [office@sase.org](mailto:office@sase.org)

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### **The 2nd Annual Economic and Organisational Sociology Conference**

at The University of Pennsylvania  
on March 4th in Philadelphia, PA

The Conference will have 3 panels on the following topics:

*What is Economic Sociology? Do We Have an Emerging Theory?*  
*Gender, Organisation and Economic Sociology*  
*Globalisation*

Among the participants are Randall Collins, Paul DiMaggio, Paula England, Mark Granovetter, Michael Hannan, Marshall Meyer, Barbara Reskin, Harrison White and several others.

All queries should be directed to: Mauro F. Guillen at [guillen@wharton.upenn.edu](mailto:guillen@wharton.upenn.edu)

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### **Social Studies of Finance Network (Paris)**

A group for the development of Financial Markets Sociology has been created to allow young researchers and Ph.D. students to meet and share different kinds of resources on a common object: financial markets. Although most of us are sociologists, the group is open to other specialists coming from Economics, Political Science, History, Anthropology or Psychology. Financial markets are our common research ground, but subjects discussed or topics covered in each specific work can embrace other fields.

Membership is informal, and monthly French-speaking meetings are organised to discuss common problems, and to comment our own written production. A workshop will be held in Paris in April 2000, organised by the group, and the papers will be published in French. The group also aims at increasing its institutional visibility through, for instance, English-spoken activities, publication of a web page, etc. We will be pleased to encounter other networks and researchers in the field of the Social Studies of Finance, and to contribute to a development of this research area.

For more information, please contact:

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### **Call for Contributions to a Syllabi Set in Economic Sociology**

The Teaching Research Center of the American Sociological Association intends to update and expand Syllabi and Instructional Material for Teaching Economic Sociology, edited by Green and Myhre, originally published in 1996 by the Center.

Please send the syllabi of any undergraduate or graduate courses you have taught recently in economic sociology or closely related topics, as well as any other material used for the course, to:

David Myhre, Princeton University, Program in Latin American Studies, 58 Prospect Ave., Princeton, NJ 08544 USA (e-mail: dmyhre@princeton.edu)

Submission deadline: February 29, 2000

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### **CALL FOR PAPERS**

Social Economics Speaks to Contemporary Human Issues  
Tenth World Congress of Social Economics  
Emmanuel College, Cambridge University (UK)  
August 2-6, 2000

The Association for Social Economics has scheduled its Tenth World Congress of Social Economics for August 2-6, 2000 at Emmanuel College, Cambridge University (UK).

The program committee is interested in receiving proposals to present individual papers, to arrange special sessions on topics of the proposer's own choosing, or both. The editors of the two official publications of the Association for Social Economics – Review of Social Economy and Forum for Social Economics – are especially interested in papers suitable for publication. In this regard the following ideas for papers/sessions have been suggested:

The future of the European Union; Economics and the common good; The social economics of Amartya Sen; Health social economics; The fragility of civilization in the nuclear age; Social economics and development; Critical realism and social economics; Inequality and equity; The social implications of Cambridge economics.

Send proposals by February 29, 2000

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### **European Seminar at the University of Crete**

The Jean Monnet Chair of the Department of Sociology at the University of Crete each year organises its week-long Summer School under the general title European Seminars of selected EU-related topics. This year the Summer School will be held September 11-16 with focus mainly on industrial relations in Europe.

For more information please feel free to contact Sokratis Koniordos at skoni@social.soc.uoc.gr

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**Institutional Economic Theory at Roskilde University, Denmark**

The Danish Social Science Research Council has decided to fund for a period of three years the activities of the international research network based at the Department of Social Sciences at Roskilde University, Denmark. This network is meant to promote the further development of institutional theory, with particular emphasis on constitutions from economics and sociology.

This research network has the following four themes:

Uncertainty and ambiguity: mental models and institutions;

Social capital, trust and networks;

Knowledge, learning and institutions;

Cognitive processes, values and institutional change.

Two workshops will take place during the current year:

‘Uncertainty and ambiguity: mental models and institutions’ (25-26 May), and

‘Social capital, trust and networks’ (Oct.-Nov.; The exact date will soon be decided).

For further information please contact Jeanett Allshauge, Roskilde University, Department of Social Sciences, Hus 24.2, PO Box 260, 4000 Roskilde Denmark, or jeanetta@ruc.dk .

## **REPORTS FROM PAST EVENTS:**

### **Economic Sociology Conference in Moscow**

by

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The conference «Economic Sociology at the Edge of the Third Millennium» took place in Moscow on January 14-15, 2000, and the Moscow School of Social and Economic Sciences (Russian-British Post-graduate University) was the host. This was an Interim Conference of the International Sociological Association (RC02 «Economy and Society») and the European Sociological Association (Economic Sociology Research Network). It was the first economic sociology conference of this type in Russia. It brought together more than 100 participants from the 16 countries of Europe, the U.S. and the 14 regions of Russia.

The basic idea of the Conference was to present the major theoretical perspectives in economic sociology and to share views on its future developments. A variety of new institutionalist, network, and substantive economy approaches were presented.

The introductory Russian panel included presentations on "Economic Sociology in Russia: Current Status and Prospects" by Vadim Radaev and "Russian Reform through the Prism of Economic Sociology" by Tatiana Zaslavskaya.

The first session was devoted to new theoretical perspectives in economic sociology (keynote speakers: Nicole Biggart and Mitchel Abolafia). Nicole Biggart's paper "Social Organisation and Economic Development" shows that development depends on utilising the historically developed patterns of social organisation. The paper by Mitchel Abolafia, "Interpreting Market Cultures", shows how elements of market culture carry meanings about transparency, collectivity, competition, and conflict in relationships.

In the ensuing discussion Peter McMyler spoke on "Markets, Morality and Disembedding: Alasdair MacIntyre's Moral Philosophy and Karl Polanyi's Economic Sociology", and Rafael Marques posed the following question: "Is There Really A Gresham Law of Sociology? Towards A Reciprocity Based Theory". Peter Lindner drew attention to "Institutionalisation as a Space-Patterning Process: The Example of Entrepreneurship".

The second session dealt with sociology and the transformation of markets (keynote speakers: Harrison C. White and David Stark). White's paper "Markets and Firms" depicted the production market as a signalling mechanism across firms which spreads the risks and uncertainties in their successive commitments. The paper of David Stark - "Heterarchy: Distributed Authority and the Organization of Diversity"- discussed the emergence of a new organisational form characterised by lateral accountability and heterogeneous principles of resource evaluation.

In the discussion there were several papers on the different aspects of labour markets, including: "The Labour Market and Social Re-Ranking in Countries under Transition" by



Vladimir Gimpelson; "Institutions, Social Networks, and Labor Market Opportunities: Matching Workers and Jobs in Russia" by Valery Yakubovich; "Labour Markets and Social Embeddedness: The Social Constraints of the International Migration of Labour" by Joao Peixoto. Juergen Feldhoff's paper dealt with "Network Relations in New Industrial Districts" and used the case of Eastern Germany. Duco Bannink's paper focused on "Institutional Capacities in Dutch Social Insurance Reform".

The third session was devoted to sociological aspects of the informal economy (keynote speakers: Jonathan Gershuny and Enzo Mingione). The paper by Jonathan Gershuny - "Economic Sociology: Markets, Lags... and Culture" - gave an outline for the political economy of time, based on time budget analysis. Enzo Mingione's paper "The Transformation of Employment Systems in the Post-Fordist Age and the Question of Informal Work" demonstrated how informal resources and contacts may shape new opportunities and compensate for the decline of standardised regulation and identities.

In the discussion Claire Wallace made broad cross-cultural comparisons in her presentation of "Informal Economies and Economic Development". Endre Sik discussed the measures of corruption in his paper "Corruption of Inspectors". Sara Busse offered some ethnographic evidence from the Novosibirsk region of Russia in her paper "Networks and Social Capital: Strategies of Everyday Life". Slobodan Cvejic traced "The Decline of Society in the Process of Dual Structuring" in case of Yugoslavia. Olga Fadeyeva described "Rural Labour Markets and Family Strategies" in the rural areas.

The fourth session dealt with the issues of actors, social structures, and the state in the economy (keynote speakers: György Lengyel and David Lane). Lengyel presented a picture of the new action potentials in Eastern Europe in his paper "Economic Actors and Attitudes: The Newly Emerging Entrepreneurial Class and the Economic Elite". In the paper of David Lane, "The Transformation of State Socialism in Russia: From "Chaotic" Economy to State-Led Cooperative Capitalism?", society was analysed in terms of forms of company structure, patterns of social integration, elite and class fragmentation.

In the discussion Christian Haerpfer presented a study of 21 post-communist societies in the paper "Transition Patterns, Social Capital and Economic Performance". Bernard Convert used one of Bourdieu's concept for analysing "Economic Dispositions and Firm Policies". Christele Dondeyne tried to develop societal effect theory in the paper "The Effects of the Multidivisional Form of Modern Corporation on Workers Behaviors and its Effectiveness". Raimo Blom and Harri Melin gave a paper entitled "Classes and Class Reproduction in Russia in the 90s", which resulted from their 10-year project on Russian class structure.

The conference concluded with a roundtable on the agenda for the future development of economic sociology. The speakers included Russian and CIS members from different regional research teams: Tatiana Bogomolova (Novosibirsk), Vladimir Ilyin (Syktyvkar), Irina Kozina (Samara), Olga Kutsenko (Kharkov, Ukraine), Yana Roschina (Moscow), and Yuri Veselov (St. Petersburg).

The John D. & Catherine T. MacArthur Foundation funded the Conference.

For the papers, see the website: <http://www.msses>

## Workshop in Economic Sociology in Budapest

On September 24-25, 1999 an international workshop was organized with the title of "**New economic actors, institutions and attitudes in Central and Eastern Europe**" in Budapest in the framework of the Hungarian Sociological Association's conference on the experiences of the '90s. The aim of the workshop was to highlight some of the newly emerging topics of economic sociology challenged by the transformation. Akos Rona-Tas (San Diego) did reinterpret the concepts of risk, uncertainty and trust in this framework. Endre Sik (Budapest) analyzed the findings of a research on a local labor market. (His paper is available in the last English issue of the Hungarian Sociological Review.) Vadim Radaev (Moscow) dealt with the attitudes toward market building. Silvano Bolcic (Beograd) summed up the findings concerning the spread of entrepreneurship in Serbia. Krzysztof Jasiocki (Warsaw) dealt with the institutional reasons of the weakness of business associations during the transformation. Mladen Lazic (Beograd) and Balazs Vedres (Budapest) analyzed the changing structure of economic elites and the constellation of economic power. David Lane (Cambridge) applied the term of "chaotic capitalism" on the description of the Russian economic system. Krzysztof Zagorski (Warsaw) analyzed the trends and social explanations of expectations concerning living conditions. Alexander Stoyanov (Sofia) presented the methodological tools and substantive findings of corruption monitoring. **Fout! Bladwijzer niet gedefinieerd.**

A workshop proceedings volume is planned to collect the papers.

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