attaches a subjective meaning that involves the economy to his behavior – be it overt or covert, omission or acquiescence. Economic action is ‘social’ insofar as its subjective meaning takes account of the behavior of others and is thereby oriented in its course. (cf. Economy and Society, p. 1)

After having presented his definition of sociology in paragraph 1 in Ch. 1, Weber carefully goes through all of its key elements and explicates these in some twenty pages. Similarly, one may want to try to explicate the elements that add up to an interpretive economic sociology in Weber’s work. Four steps are involved in the latter, just as in the former:

You first approach what is going on from the perspective of interpretive understanding (Step 1). You then turn to the economic (social) action in question (Step 2). You proceed to a causal explanation of this (Step 3); and you do this in order to be able to account for the impact of social action and its unintended consequences (Step 4).

Step 1 in Weber’s model has to do with interpretive understanding, which means that the economic sociologist should always approach his or her subject with the intention of wanting to understand the meaning that the economic actors invest their actions with. When the woodcutter brings down his axe on the wood (to use Weber’s well-known example), it can be a case of wage labor, provision for one’s household or recreation from work – and which one it is depends on the meaning with which the action is invested.

Weber outlines three different ways in which we may decide in a reliable manner on the meaning of the actor (Evidenz). We can try to determine (1) the empirical meaning that the individual actors invest their actions with. There is also (2) the average meaning. And, finally, there is (3) the “ideal type” or an ascribed hypothetical meaning. Using an ideal type of rational action may also be helpful at an early stage of the research, since this will quickly draw our attention to the existence of deviations from rational action.

Since space does not allow me to go through the other three steps that are crucial to Weber’s interpretive economic sociology, I will stop at this point. I nonetheless hope that I have wet your appetite for exploring Weber’s project of an interpretive economic sociology (for a full presentation of the argument about Weber’s verstehende Wirtschaftssoziologie, see my working paper with this title on the webpage of Cornell’s Center for the Study of Economy and Society).

All in all, we need many more new and creative ideas in economic sociology. One way to generate these, according to my experience, is to bring together a small group of people around some topic that looks promising; and this is what I and some colleagues at Cornell have been doing, both when it comes to the role of hope in the economy, and the role of technology in the economy. Another way to proceed is to dig deep down in the best thinkers in our field – the classics – and see what one comes up with.

What does the sociology of markets have to contribute to sociology?
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Before we attempt to assess the future of the field we call “economic sociology”, we may want to address a few seemingly simple question: How can such a field exist? What is the glue that makes it hang together? What kinds of lessons about the future can we draw from an analysis of the past of economic sociology?

In the programmatic statements of Granovetter and Swedberg from the early 1980s, perhaps the most distinctive thing about economic sociology was its attempt to directly engage economics (which was much clearer than its connection to earlier forms of economic sociology). In fact, this engagement was so profound that one may say without much exaggeration that economic sociology constituted itself as that part of sociology that deals with the objects of economics, rather than economic objects broadly conceived. Markets and firms were at the core of its intellectual project: the purpose, as Granovetter stated it, was to attack microeconomics upfront, on its own terrain.

What made this attack powerful was its theoretical stance, backed up by a new methodology. Thus in the version put forward by Mark Granovetter (1985), economic sociology emerges essentially as the science of “embedded action.” But while “embeddedness” is by now often being used as a catch phrase to capture many forms of social determination, in this earlier presentation it meant something quite specific: the effect of interpersonal connections on economic outcomes, or what Zukin and DiMaggio (1990) came to call “structural embeddedness.”

Of course this was a highly specific understanding, and it was duly criticized. The first critique was that it was substantially narrow: if we take seriously Marx’s basic point that everything—from sexuality to culture to politics—has, one way or another, its roots in the economy, or, more to the point, if we recognize that our nemesis is not Oliver Williamson but Gary Becker (that is, someone who treats everything as a terrain of application of economics), then we cannot seriously hold on to the idea of a well-defined core set of issues, whether for economics or for economic sociology. From this point of view, the task of economic sociology is much broader than the sociology of markets and hierarchies. The second critique was that it was theoretically narrow: institutions in this perspective were noth-
ing but “congealed networks”; and social relations, rather than social norms (Granovetter uses the term “generalized morality” in his 1985 article), were at the root of social order. One response to these critiques was to redefine “economic sociology” as a very ecumenical enterprise on both substantive and analytic grounds, something that is very much reflected in the Handbook of Economic Sociology, for instance. Today a very eclectic group of scholars recognize themselves in the label “economic sociology.” But of course this means taking away the original glue, so that all we are left with is a very pragmatic mode of existence. Paraphrasing Jacob Viner’s little phrase about economics, we should perhaps simply and modestly say that today economic sociology is what economic sociologists do. That is, it is nothing but an intellectual world, which people identify themselves with.

To say this, of course, is not to argue that this world is an amorphous, happy gathering of everything and everyone concerned with the economy. On the contrary, it has a definite shape, which can be studied. In other words, economic sociology has become a real field—not simply in the organizational sense but in the specific terminology of Pierre Bourdieu. Any field in this sense exists through its relations vis-à-vis an “outside” as well as its particular dynamics inside. Economic sociology is no exception: on the first point, it has its insiders and outsiders. For instance, those who organized themselves as the Political Economy of the World Systems section of the ASA were certainly doing economic sociology long before we thought about (re)calling it that way, yet the original project largely bypassed this particular set of approaches. In fact, it partly defined itself against them.

Today, of course, the enterprise and the label have been institutionally so successful that everyone claims to be on the inside.

But the inside remains stratified, too—just like every social enterprise. People differ in their intellectual claims, in the skills they bring to bear on this project, and in the influence they have over the definition of what economic sociology is about. A recent study of citation patterns in US economic sociology in the 1980s and 1990s by Convert and Heilbron (2005) shows that the core of the field is still very firmly located among people broadly associated with the study of markets and organizations. By contrast, questions about, say, labor (which have a perfectly legitimate place in the sociology of the economy), or gender, seem occupy a much more peripheral position within the field. Second, scholars located in business schools are featured very prominently in this list. Third, if network analysis remains dominant throughout the period, the trend after the 1990s is toward a comparative rise of neo-institutional and cultural approaches. (e.g. Fligstein and Zelizer)

If we are to take any lessons from the past about the future of economic sociology, then, one thing seems clear: economic sociology as the sociology of markets and organizations still has the upper hand, and will continue to have it for some time to come. For one thing, it has a potentially huge constituency: the economics profession in its entirety. In fact, after decades of neglect, we are starting to see some measure of interest in the latest issue of the Journal of Economic Perspectives, which includes a symposium on economic sociology. Economists are, with some delay, now taking up network analysis, with all the excitement of novelty. But the other reason for the persistence of the sociology of markets is simply that it is inescapable. Markets, as Bernard Barber once said, have become absolute. They are the stuff our modern societies are made of. We simply cannot have a serious reflection on modernity without addressing issues of commodification, marketization, privatization.

Now this raises a question: Under what shape is the sociology of markets going to continue? This history is largely to be written, of course, but I think that the field is currently undergoing a quiet revolution, the fruits of which we may not see for some time to come. And my suspicion is that this revolution may significantly reshape the entire field of economic sociology.

The sociology of markets today is falling into three main camps (and I apologize here for the many other perspectives I cannot mention): on the one hand are the structuralists, who are interested in the role of social structures in determining market outcomes. This group may, in turn, be itself divided into two wings: the network analysts (followers of Harrison White) and the field analysts (followers of Bourdieu, DiMaggio, Fligstein), who—in very different ways—all emphasize the relative structural positions, as opposed to the actual connections, of market actors and their inscription in institutional and normative contexts (this latter element is particularly evident in the more interactionist version of (for instance) Smith or Abolafia). On the other hand are the performativists, a much more recent stream of research, by and large coming out of Europe and out of science studies (Callon, MacKenzie), who emphasize the way technologies (that is, men-machine complexes produced by accountants, economists, or operations researchers) intervene in the construction of markets and economies. In short, if everyone in the sociology of markets agrees that markets are socially constructed, everyone also disagrees on the main principle of this social construction.

The structuralists and performativists also differ quite remarkably in their attitude vis-à-vis economics. The structuralists by and large seek to oppose their analysis of markets to that of economists. Economists get it wrong, because they don’t pay attention to social connections among market actors, to the power dynamics, institutional context and cultural rules that underlie market organization, or to the habits and practical skills of the individuals involved in the market game. In short, economists get it wrong because their theory of society (and of human action) is simplistic. The performativists, on the other hand, start from a very
different premise, which—in its purest form—does not require such a complex (Weberian) theory of society (that is, complete with culture and institutions). The performativists recognize economics not as a (misguided) science of capitalism but as its technology, that is, as one of the active ingredients in the production and reproduction of the market order. For them, the point is precisely to question the very naturalness of markets and trace their existence back to some powerful social technology. In the end, the exercise ends up showing not the futility but the real, practical effectiveness of economics in forming the economic world. (Characteristically some critics (notably historian of economics Philip Mirowski) have denounced this approach as a vindication of neo-classical economic theory.)

These categories are, of course, very porous. There are many bridges between these approaches, and we can reasonably predict that the future probably stands somewhere at the interstices. For instance, the possible methodological bridges between network analysis and field analysis (in the form of correspondence analysis mainly) have been widely overlooked. (For an exception, see Breiger 2000) Of course actor-network theory is, after all, also about networks—the technical and non-technical links that tie people around activities. One of my own personal favorites starts off with Callon but deepens the contextual element. Indeed the ability of market technologies to perform the economy cannot be readily assumed outside of a whole set of social conditions, which must be studied in depth. As MacKenzie and Millo (2003) have brilliantly shown in the paper that just deservedly received this year’s best article award in economic sociology, the construction of the financial derivatives market presupposed the mobilization of a whole network of people with interests in the implementation of particular technologies. It also relied on certain cultural assumptions about ways to make money, and on enabling political, legal and economic contexts that could be studied in depth. It is not a coincidence that this development happened in Chicago rather than in Paris! This is for the upstream—where markets come from. The other obvious direction looks downstream toward the social consequences of markets and is a rejoinder to the work of Viviana Zelizer and others. What kinds of meanings, sentiments, moral predicaments and social bonds are these technologies intertwined with? How do these economic artifacts relate to human relations—how do they change them, and how are they changed by them? What kinds of political representations are the discourse and social technologies of the market entangled with? It is there, I think, in the ability to link up the sociology of markets to a real theory of modern society, that the future of economic sociology lies.

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References


Internationalizing Economic Sociology

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We had a lively session at ASA on “Economic Sociology in the Next Decade and Beyond.” In this short essay, I would like to share a couple of thoughts that I presented in that session: where economic sociology is today and my pledge to internationalize the field.

1. Where is economic sociology?

The recently celebrated ASA’s 100th Annual Meeting puts economic sociology in perspective because even though the intellectual roots of economic sociology can be traced back to such classic sociologists as Marx, Weber, Durkeim, etc., the institutionalization of the field has occurred in the last few years through different mechanisms. Granovetter’s 1985 article was the spark that rekindled the fire among economic sociologists, reminding us that economic actions are embedded in broader social relations. Then, the publication of the Handbook of Economic Sociology by Smelser and Swedberg in 1994 defined the field and its salient issues. In 2000, economic sociology was formally created as a section within ASA, giving the field its official legitimacy. Further institutionalization of the field of economic sociology are, for instance, the second edition of the Handbook of Economic Sociology (2005) and the International Encyclopedia of Economic Sociology edited by Beckert and Zafirovski(2005), the publishing of several other edited economic sociology books (e.g., Biggart 2002, Dobbin 2004; Guillén et al. 2003; Nee and Swedberg 2005; to mention just a few), as well as the fact that five Economic Sociology