

Sociology 280Q
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Economy and Society

Class meetings: Tuesday 10-12 Director's Room, Institute of Industrial Relations

Economic sociology is concerned with all aspects of material life. This includes the organization of production and consumption. Households, labor markets, firms, and product markets are legitimate objects of study. Economic sociology is not just concerned with markets as a mechanism of allocation, but how others, like reciprocity (people engaged in social relations helping one another) and redistribution (governments acting to equalize opportunities and outcomes) also structure the allocation of societies' incomes and wealth, goods and services.

Sociology emerged in the 19th and early 20th century as an attempt to make sense of modernity. Classical sociology contains a strong economic sociology component because the new capitalist economy was at the core of modern society. It also contained critical views of economic theory which purported to explain the new economy. Marx wrote Capital, Weber wrote Economy and Society, and Durkheim wrote The Division of Labor. All of them have criticisms of classical economics.

During the 1930s-1960s in American sociology, this set of concerns languished. But, in the 1970s, with the return of neomarxism, political economy, and shifts in organizational theory, modern approaches to economic life based in classical social theory, began to evolve. By 1994, the field had grown sufficiently to merit the publication of the Handbook of Economic Sociology (edited by N. Smelser and R. Swedberg) and a second edition was published in 2005.

The Handbook of Economic Sociology is a good place to start to get a feel for the heterogeneity of the field. I would argue that what is driving the field is the attempt to refute many key economic arguments with empirical data. These attacks on economic views have mainly come from organizational theory, political economy, social stratification, and what could be called "cultural" sociology. Not surprisingly, the field has produced little of a coherent statement. The only basic agreement is that economic life is not possible without situating it more broadly in social life. The problem is that scholars who have come from very different research traditions that have constituted their empirical objects so differently do not share common language, theory, or even research programs. Unlike, Marx, Weber, and Durkheim who embedded the economy in their more general theories of society, modern scholars lack such

theories and instead rely on empirical demonstrations to refute key propositions of economic theory with the demonstration that the economic is embedded in the social.

I also note that within economics, there is much criticism of modern economics as well. North, Arthur, Nelson and Winter, Hodgson, Grief, Sen, and to some degree Stiglitz and Krugman have all been developing more sociological views of what it takes for markets to work.

But what is exciting here, is that for the first time in 25 years, sociologists are trying to put create a synthetic field rather than splitting the field into smaller and smaller pieces. There is some agreement that political processes, firm and market processes, labor market dynamics, and consumption are linked in sociologically explicit ways. I will try and argue that the theoretical project of linking states, markets, and labor market dynamics is the furthest along. Most scholars believe that states, social relations between competitors and customers, and the formal and informal rules that govern these interactions are the heart of a sociological approach to market institutions. The project that remains the most difficult is figuring out how to link production and consumption.

One of my goals, in this course, is to get you to see that many of the arguments are more complementary than contradictory. Moreover, the links between arguments have been barely explored. There is much work to be done!

These are the types of theoretical questions we will try to consider:

What is a sociological view of markets?

How are states and markets linked?

What are the main dynamics of markets?

What are the necessary social institutions for markets to exist?

How do labor markets work?

How did modern consumption arise (historically) and how does it drive production?

A couple of caveats. This course focuses mostly on the sociology of markets and the problems of the organization of production, labor markets, and consumption. This decision is motivated by the fact that much of the research has taken up these topics. I have decided to not include any works in economics in this course. I could easily make this a course about critiquing economic models and exploring the various versions of the “new institutional economics”. I have decided against doing this because I believe it is time to not worry about what economists are saying and start thinking much harder about what we want to say. There are other topics we will not discuss very much: households and family, development, the gender division of labor, and

more generally culture and stratification. Again, the Department has courses where these topics are more thoroughly covered.

Class Format

The class will be run as a discussion. I will lecture the first day of class, but students should come prepared to contribute to the class discussion. To facilitate discussion, I will ask students to take turns being discussion leaders.

Class Requirements

The main requirement for the class will be a paper. My idea is for students to produce a research proposal for the class. If students already have data they want to analyze, I will be pleased to have them write a draft of their paper in the class. I will have students produce a one page proposal due in class on February 27. Final drafts of the paper will be due on Monday, May 14 at 4:00 P.M. in my mail box in Barrows Hall.

Readings

The readings that come from journals will be accessible through www.bspace.berkeley.edu. The readings that come from books will be in a reader that can be purchased at University Copy Service, 2425 Channing, 549-2335. I know that I have selected a lot of readings for some of the sessions, but many of them are empirical rather than theoretical and mostly demonstrate how people use theories.

Schedule

January 16 Introduction: Main Lines of Economic Sociology; N. Fligstein and L. Dauter, "The Sociology of Markets", Annual Review of Sociology, forthcoming.

January 23 Classic statement: K. Polanyi, The Great Transformation, 1944; p.43-76; 130-34; 192-219; 223-258.

January 30 Modern sociological conceptions of markets: H. White, "Where do markets come from?" American Journal of Sociology, 1981, pp. 517-47; M. Granovetter, "Economic action and social structure: the problem of embeddedness" American Journal of Sociology, 1985; pp. 481-510; N. Fligstein, "Markets as politics: a political-cultural approach to market institutions", American Sociological Review 1996; pp. 656-73.

February 6 Networks in the Economy: W. Powell and L. Smith-Laurel "Networks and economic life" pp. 373-403 In N. Smelser and R. Swedberg (ed.) The Handbook of Economic Sociology, 2005; W. Baker, et. al., "Hazards of the market", American Sociological Review, 1998, pp.147-77; B. Uzzi, "Embeddedness and the performance of organizations", 1996; American

Sociological Review, pp. 674-98; T. Stuart, et. al. "Interorganizational endorsements and the performance of entrepreneurial ventures", Administrative Science Quarterly, 1999, p. 315-49. G. Thompson, "Is all the world a complex network?" Economy and Society, 2004, p. 411-24, W. Powell, D. White, K. Kaput, and J. Owen-Smith, "Network dynamics and field evolution", American Journal of Sociology, 2005 110: 1132-1205.

February 13 Political economy views: P. Evans, Embedded Autonomy, 1995; p. 3-73; P. Hall and D. Soskice, Varieties of Capitalism, 2001; p. 1-68; N. Fligstein The Architecture of Markets, 2001, p. 45-66; K. Thelen, How Institutions Evolve, 2004; p.1-38, 278-96.

February 20 Institutional theory: W.R. Scott "Contemporary institutional theory" ch. 3 in W.R. Scott Institutions and Organizations, Sage, 1995; D. Zorn, "Here a chief, there a chief", American Sociological Review, 2004, 49: 345-364; F. Dobbin and D. Dowd, "The market that antitrust built" American Sociological Review, 2001, 65: 631-657; E. Zajac and Westfall, "The social construction of market value" American Sociological Review, 2005 69: 433-67; E. Zuckerman, "Focusing the corporate product: securities analysts and de-diversification" Administrative Science Quarterly, 2000, 45:591-619;

February 27 Population Ecology: M. Hannan and J. Freeman "The population ecology of organizations." American Journal of Sociology 82: 929-64; "Structural inertia and organizational change." American Sociological Review 49: 149-64; G. Carroll and A. Swaminathan, "Why the micro brewery movement?" American Journal of Sociology, 2001, 106: 715-62; J. Baron, et. al., "Building the Iron Cage" American Sociological Review 1999, 64:527-47.

March 6 Performativity. M. Callon, The Laws of the Market, 1998: 1-57; D. MacKenzie, "Long Term Capital Management and the Sociology of Arbitrage" Economy and Society, 2003; 349-380; F. Guala, "Building economic machines: the FCC auctions", Studies in History and Philosophy of Science, 2001; 3:453-77; D. Buena and Garud, "Securities Analysts as framemakers", 2005.

March 13 No class

March 20 Hybrids. H. Haveman and H. Rao, "Structuring a Theory of Moral Sentiments" American Journal of Sociology 102:1606-51; X. Zhou, et. al., "Embeddedness and contractual relations in China's transitional economy", American Sociological Review, 68:75-102; J. Westphal, et.al., "Second order imitation: uncovering latent effects of board network ties", Administrative Science Quarterly, 2001, 46:717-747; D. MacKenzie and Y. Mollo "Constructing a market, performing theory: the historical sociology of a financial derivatives exchange," American Journal of Sociology 2003, 109:107-45; P. Ingram and H. Rao, "Store Wars: The enactment and repeal of anti-chain store legislation in America", American Journal of Sociology, 2004, 110:446-87; J. Podolny, et. al., "Networks, knowledge, and niches", American Journal of Sociology, 1996, 102:659-689; N. Biggart and T. Beamish "The economic sociology of conventions", Annual Review of Sociology, 2003: 443-64.

March 27 Spring Break

April 3 Comparative Capitalisms I- The Shareholder Value Conception of the Firm in the U.S.: M. Useem, ch. 8, Executive Defense, 1993; J. Davis and S. Stout "Organization theory and the market for corporate control" Administrative Science Quarterly 33: 605-33, 1992; J. Davis and T. Thompson "A social movement perspective on corporate control", Administrative Science Quarterly, 39: 141-73, 1994; N. Fligstein "The Rise of the Shareholder Value Conception of the Firm" in The Architecture of Markets, 2001, p. 147-169.

April 10 Comparative capitalisms II: "Has the world gone to shareholder value?" N. Fligstein and J. Choo, "Law and corporate governance", Annual Review of Law and Social Science, 1:61-84; M. Roe, Political Determinants of Corporate Governance, 2003, p. 11-59; N. Biggart and M. Guillen "Developing difference: social organization and the rise of the auto industries of South Korea, Taiwan, Spain, and Argentina", American Sociological Review, 1999, B. Kogut, et. al., "Agency and institutions: national divergences in diversification behavior", Organization, 2003, 13:162-78; D. Soskice, "Divergent production regimes" in H. Kitschelt, et. al., (ed). Continuity and Change in Contemporary Capitalism, 1999, p.101-34.

April 17 Comparative capitalism III: Transition from Socialism- May 1 More stuff? D. Guthrie, "Organizational responses to reform in China", American Journal of Sociology, 1997; 1258-. Radaev, "Informalization of rules in the Russian economy", Unpublished paper, 2000; V. Radeav, 2000, "Corruption and violence in Russian business in the late 1990s", A. V. Ledeneva and M. Kurkchyan (ed.) Economic Crime in Russia; G. Eyal, I. Szelenyi, and E. Towsley, Making Capitalism without Capitalists, 2000, p.113-158; D. Stark "Recombinant property in East European Capitalism", American Journal of Sociology, 1996, 101: 993-1027.

April 24 Comparative capitalisms IV- "Has the U.S. model of labor markets spread?" P. Osterman, Securing Prosperity, 1999; pp. 20-89; N. Fligstein and T. Shin "The shareholder value society: Changes in working conditions and inequality in the U.S., 1975-2000" in K. Neckerman Social Inequality, New York: Russell Sage Foundation, 2004. M. Golden, et. al. "Postwar trade union organization and industrial relations in 12 countries", and H. Kitschelt, et. al., "Convergence and divergence in advanced capitalist democracies" both in H. Kitschelt, et. al., Continuity and Change in Contemporary Capitalism, 1999, p. 194-230; p. 427-60.

May 1 Consumption- P. Bourdieu, Distinction, 1984, p. 101-43; 169-256; 466-84; L. Jardine, Worldly Goods, 1996, p. 3-34, 379-436, S. Davis, 1997, Spectacular Nature, p. 40-116.

May 8 Consumption-M. Csikszentmihalyi, "Why we need things?", p. 20-9 in S. Lubar and W.D. Kingery (ed). History from Things, 1993; D. Slater Consumer Culture and Modernity, 1997; p. 63-99; S. Zukin and J. Maguire, "Consumers and consumption", Annual Review of Sociology, 2004, 173-197; V. Zelizer, The Social Meaning of Money 1997, p. 1-35.

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Paper Assignment

The central assignment of this course is a research proposal. I have in mind one of two things. I expect that most of you do not have a specific project yet. My goal is for you to consider relevant literatures and construct a possible research project. Such a project should realistically specify how you would go about collecting evidence. My hope is that you will find the assignment stimulating enough and the proposal interesting enough that you will carry through the project eventually, either as a paper or a dissertation.

Some of you already have access to data sets relevant to a given research project. You may want to produce a draft of a completed research paper in the context of this course. If that is your goal, I am pleased to push this process along.

There will be several phases and deadlines connected to this project. I encourage you to sign up for my office hours as it becomes relevant to helping push your project forward.

The following schedule will be in effect:

February 27 (due in class) Proposal: 1-2 pages. The proposal should suggest some question, specify relevant theoretical and empirical literatures, and suggest how one might study the subject. Obviously at this stage in the game, I do not expect your ideas to be well developed.

May 14 Final paper due in my mailbox in Barrows Hall by 4:00 P.M.

The final paper should have a title page (1 page), contain an introduction (1-4 pages), a review of the literature (5-15 pages), a statement of your question given your reading of the literature (1-5 pages), and a section detailing research design (5-10 pages), and a conclusion (2-3 pages).

The research design section should context, measurement, access to relevant individuals, organizations, or documents, etc... The conclusion should discuss briefly the contribution your research would make to the literature. You should include a bibliography using standard journal formats. Citations in the text should use journal format (ie. Jones, 1998). Please use footnotes sparingly. If it is relevant to have appendices containing additional information about data, please include that as well. The papers will average 20-30 pages.

For those of you who have data already, you should produce a final paper that includes your research design (5-10 pages) and a presentation of your results (5-10 pages), and a conclusion that discusses the results (2-5 pages), their implication for theory and research, and future research directions. Your papers could be closer to 30-40 pages with tables, text, appendices, and bibliography.

Strands of Economy and Society

Distant Past	Economics Smith/Ricardo	Marx	Sociology Weber	Durkheim
1940-50s	Neoclassical synthesis Samuelson/Friedman Arrow/Stigler		Parsons/Smelser	Polyani
1960-70s	Relaxing Assumptions: Information/Game Theory Agency/Transaction Cost Theories	Neomarxism	Stratification Organizational Theory	Geertz
1980-90s	Rational expectations/ New growth theory/ New Institutional theories		Institutional Theories Political Economy	Culture Network Theory
2000-?	Current topics in Economic Sociology:		Sociology of Science	
				<ul style="list-style-type: none"> Globalization Development Transitions from socialism Future of welfare states Consumption Inequality and the transformation of work Work, gender, and family Reorganization of Work Information society Organization of firms and markets Emergence of “new” industries