Economy and Society

Class meeting: Tuesday 2-4 PM  402 Barrows Hall

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 sociological component because the new capitalist economy was at the core of modern society. Karl Marx wrote Capital, Max Weber wrote Economy and Society, and Emile Durkheim wrote The Division of Labor. They all had critiques of the classical economic theories of people like Adam Smith and David Ricardo.

During the 1930s-1960s in American sociology, this set of concerns languished. Sociologists were content to leave theorizing the “economy” to economists and instead focusing their attention on theorizing “society”. This division of labor was consecrated by Talcott Parsons in his work on a general theory of society where he relegated the economy (called the “adaptive function” in his jargon) to one of the four main aspects of what constituted society. But, in the 1970s, with the advent of neomarxism, more general political economy in political science and sociology, and the emergence of a critical organizational theory, modern approaches to economic life based at least partially in classical social theory, began to emerge. 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.

Contemporary economic sociology is much more like a large umbrella for different topics, different theoretical perspectives, scholars from several disciplines (sociology, organizational analysis, business studies, science studies, political science and even a few heterodox economists) and different countries (mostly the U.S. and Western Europe). Indeed, the field was founded with the view that everyone with a gripe against neoclassical economics could be a fellow traveler (you can read my account of the formation of the three main organizational vehicles for economic sociology in the paper entitled “Concluding Reflections”). The upside of this pluralism is that for the first time since the fragmentation of sociology in the 1970s, there is a subfield that claims to explain a wide variety of phenomena instead of focusing ever more
narrowly on topics of interest to only specialists. But because of the immense differences in what people are interested in and how they approach their topics, the field can appear to students as fragmented and broken up into camps that seem to have little to do with each other.

The Handbook of Economic Sociology is a good place to start to get a feel for the heterogeneity of the field. What drove the field in the 1980s was the attempt to refute many key economic arguments with empirical data. These attacks on economic views have come from a wide variety of theoretical sources: network analysis, organizational theory, political economy, social stratification, cultural sociology, and science studies. Scholars have used both qualitative and quantitative approaches to show how economic outcomes could only be accounted for by situating them in social relationships, what has been called the “embeddedness” of economic life. Scholars use that term in myriad ways. Networks, governments, laws, firms, and cultural understandings and objects called “market devices” all came to be seen as forms of social embeddedness.

I have opted to honor this complexity by trying to teach a broad survey course. That means we will cover lots of topics. The cost to doing this is that I have sacrificed depth for breadth. But I make this decision with the notion that if you find one of these streams of work to be of interest, my one-week introduction will start you on a path for a deeper reading and engagement with the issues. In doing so, I have tried to choose the most important strands of economic sociology. By important, I mean those which have garnered lots of citations and populate the syllabi of courses like this one (again see the “Concluding remarks” paper).

Like most fields in sociology, economic sociology can be understood as a set of theoretical perspectives attached to research programs. The theoretical perspectives provide a view of what is important to study, what we can learn about what we study, and how this impacts how we think about markets. These research programs have been successful at generating insight into a wide variety of economic phenomena. In this class, we will consider the theory and research programs generated by political economy, network analysis, institutional theory, the use of social conventions in markets, the related view that economics provides conventions by which markets become structured or “performed”, the theme of markets and morality, and links between social movement and markets.

Many of the scholars who have bought into one of the theoretical programs tend to ignore the possibility that some of what they observe also requires using other theories to explain. Some of these divisions reflect disciplinary and even geographic differences. So, the study of firms, networks, and markets is very U.S. based and to some degree concentrated in business schools. Political economy and the varieties of capitalism is more the province of comparative politics and to some degree sociology. The “performativity” perspective is closely linked to science studies, particularly the work of Michel Callon and Donald MacKenzie, and has a distinctly European flavor.

But more recently, scholars have explored mixtures of perspectives as proving useful to understanding complex economic phenomena. Much of the work that purports to be located in a camp also finds itself reaching out to related research programs. As you read, you should try to get a sense for the research programs, but also how people borrow freely from different
perspectives. So, for example, the literature on how social movements help make markets easily
fits with the issue of how markets come to embed morality and the role of market devices in that
process. The last four weeks of the class are focused on how sociologists explain key historical
aspects of modern capitalism. We consider the emergence of the “shareholder value” conception
of the firm in the U.S. We then move on to readings on the recent literatures on financialization,
inequality, and end with attempts to understand the financial crisis of 2007-2009. These
literatures tend to employ multiple theoretical perspectives.

These are the types of theoretical and empirical questions we 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?

What role do economic theories play in the construction of markets?

How are market conventions formed in order to define products and help consumers
decide what to buy?

How does morality figure into the construction of markets?

How are markets and social movements connected?

What is shareholder value and how does it matter for the organization of firms and
markets?

What is financialization?

How has shareholder value and financialization affected the income distribution?

How does economic sociology explain the 2007-2009 worldwide financial crisis?

A couple of caveats. This course focuses mostly on the sociology of markets, the role of
the state in markets, the sociology of finance, and how economic sociology helps us understand
the recent increases in income inequality in the U.S. This decision is motivated by the fact that
lots of the core economic sociology literature has taken up these topics. There are a large number
of topics that I am not covering because we only have 14 weeks. I have included a few works by
economists, but the purpose here is not to engage them. I believe it is time long past the time to
worry about what economists are saying and start thinking much harder about what we want to
say. We also short shrift the sociology of consumption and skirt around the issues of
globalization and development. If I had three more weeks, I would have a class on each of those
topics. I struggled with trying to put a week together on racial capitalism but that topic merits
quite a bit more space. Indeed, one could teach a whole course on the topic. I do have us read a couple of papers where race and economic sociology come together, one on political economy and race and the other on algorithms and race. I also tried to include works on gender and capitalism, but with the same result. But if you are interested in any of those topics, I am happy to direct your reading.

**Class Format**

Every week, I will produce a podcast on the readings to introduce them to you the Friday before class. I ask that every week by Monday 5 PM, you write a one page response to something you have read and post it on the bCourses website. The class will be run as a discussion and the focus of the discussion will be your responses to the readings. Students can expect to be called upon to make their point and generate discussion.

I have tried to choose works that reflect the core of the research programs we discuss. The idea is to work through the main ideas in each of the perspectives to understand what authors are trying to say. Then, we consider some exemplary empirical works that illustrate the perspective. I ask that before you criticize a work, you make sure you understand what the author(s) are trying to do. One important way to criticize is to pit authors against one another to see if what they say can be thought to be congruent or in opposition. Take note: this kind of debate/discussion could be the source for your research project.

I include theoretical readings, literature reviews, and empirical works. I want to talk not just about the content of theory and methods, but also the art and craft of doing research. You will notice that a fair number of these works have been published since 2010 and even 2015 and around 80% since 2000. If a paper dates from before 2000, it is important because it is an iconic work with more than 1000 citations. 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 others are literature reviews designed to situate the literature. You might notice that there is work here with a Berkeley connection, either of faculty or former students. Our Department has been a leader in the field for the past 30 years and this inclusion reflects our collective centrality to the field.

Research in economic sociology appears in a wide variety of journals in sociology, business studies, political science, and to some degree heterodox economics. Many issues of the *American Sociological Review* and the *American Journal of Sociology* contain economic sociology papers. The *Socio-Economic Review* is the publication of the Society for the Advancement of Socio-Economics, an interdisciplinary association where half of the members are in Europe. SASE has an annual meeting that you might consider attending, this year in Rio de Janeiro. In business studies, the *Administrative Science Quarterly* and *Organization Studies* (the journal of the European Group on Organization Studies) are also frequent publishers of economic sociology articles. The *Annual Review of Sociology* is a great source of review articles on various topics in economic sociology. The American Management Association has an annual meeting where many sessions focus on economic sociology topics. Heterodox economists are members of some economics departments but also in geography, urban studies, and related fields. Their journals include *American Journal of Economics and Sociology*, *Economy and Society*, and the *International Journal of Political Economy*. 
Class Requirements

As I said above, I expect each of you to have a short response memo prepared by Monday 5 PM and posted to the bCourses website. The main requirement for the class will be a paper. My idea is for you to produce a research proposal for the class. If you already have data they want to analyze, I will be pleased to have you write a draft of their paper in the class. My idea is for students to work through the semester at successive iterations on their papers. I have enclosed some discussion of what I have in mind in the syllabus. Final drafts of the paper will be due on Wednesday May 10 at 4:00 P.M. in my mail box in Barrows Hall.

My office hours will be Monday 4-6 in my 452 Social Sciences Building office. You can sign up at: https://www.wejoinin.com/sheets/wtyje. If you have a problem with that time, please get in touch and we can work something else out.

Readings

I have ordered copies of Polanyi’s *The Great Transformation*. It is also possible to find a copy online (http://inctpped.ie.ufrj.br/spiderweb/pdf/4/Great_Transformation.pdf). There are various editions of *The Great Transformation*. So, I have put chapters down I would like you to read. I will put the other readings up on bCourses.

Schedule


January 31 Sociological conceptions of markets:


February 14 Political economy I: The co-constitution of states and markets:


February 21: Political economy II: Varieties of Capitalism:


February 28 Institutional theory and institutional logics:


March 7 Performativity, economics, and market devices in the organization of markets.


March 14 Markets and Morality.


March 24 Markets and social movements:


March 28 Spring Break

April 4 The Shareholder Value Conception of the Firm:


April 11 Sociology of finance and financialization.


April 18 Shareholder value, Financialization and the Growth of Inequality in the U.S.


Causes of the financial crisis:


Effects of the crisis:

The central assignment of this course is a research proposal. 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. If you already have some data (either quantitative or qualitative) or a version of a paper you want to work on in the class, you may want to produce a draft of a completed research paper in the context of this course. I am also happy to have you work on a dissertation prospectus if that is where you are in your program. If you do not have any idea about a project, please sign up for my office hours in the first couple of weeks and I can try and set you on a productive course.

The paper will be constructed in successive rounds. I will ask you to make progress by first proposing a project, then writing an introduction, and finally, producing a literature review. If you meet the deadlines I will set below, I promise to read your papers and comment within a week, allowing you ample time to move on to the next stage of the project.

The final paper should have a title page (1 page), a one paragraph abstract describing the paper, contain an introduction (4-6 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). I expect that each of your drafts from the introduction on will present me with a title page. Please give me hard copies of your drafts that are double spaced.

For those of you who have data already, you should produce a final paper that includes the title page, introduction, literature review, and statement of your question as well as a longer section on 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.

The goal of the literature review is to end up with a set of hypotheses that you will proceed to test or some substantive alternatives to understand a particular phenomenon that might be illuminated by more qualitative study (either historical or observational). Thus, the literature that is reviewed informs the research you propose to do. The research design section should discuss measurement, access to relevant individuals, organizations, or documents. The conclusion should briefly discuss 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 (i.e., Jones, 1998). Please use footnotes sparingly. If it is relevant to have appendices containing additional information about data, please include that as well.
Essentially, if you do this right, you will have a draft of the entire paper without the research results. It will have been written and re-written and it will have been shaped by our interaction. If you decide to do the empirical part of the paper, you will be well along to having a workable draft of the paper.

This structuring of the research proposal is intentionally trying to get you to center your research on the existing literature. It is important to remember that a good research project should not begin with a site to do research, but instead with a conceptual or empirical puzzle. This is because, in doing research, it is important to have an audience before you begin. That means a set of scholars with whom you would like to be in dialogue. By putting your research project in the context of already existing theoretical and empirical work, you guarantee that whatever you do or find, someone will find it interesting. So, for example, in a theory contest, the partisans have an interest in the outcome. If existing research offers you a puzzle, then those doing the research will appreciate someone pushing forward the frontier of knowledge on the question. Finally, by framing your research project in an existing literature, whatever the outcome of the research is, is news for that literature. This makes publishing your work infinitely easier.

Academic papers have a rigid structure. When you look at the many published papers we will read, you should look not just for content, but for what they tell you about how to produce an academic paper. It is useful to incorporate that model into every draft of the paper you write. That will insure that what you end up with looks like an academic paper. It will make your life easier because you will have a structure that allows you to construct a paper from scratch.

Starting with a structure increases your motivation to make progress on a paper. Dividing the paper into sections, for example, means that your goal in sitting down to write is to produce each section of the paper. That makes you think about that section and to not worry about what you have not written. This makes a paper easier to write.

There will be several phases and deadlines connected to this project. I have organized this to give you maximal feedback. If you miss one of the deadlines, you miss the opportunity to grow your paper organically. The following schedule will be in effect:

Friday March 3 (due in my mailbox) 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.

Monday April 3 (due in my mailbox) 4-6 pages. Based on my comments and some subsequent work on your part, the assignment is to produce the introduction for your paper. The introduction should broadly situate the paper, suggest the relevant literatures, describe the issue at stake, and briefly discuss the empirical setting in which you propose to work. The introduction you write should be the basis for the paper that will follow.

Friday April 28 (due in my mailbox). 10-15 pages. The assignment is to produce a rewrite of the introduction and the literature review (note, you will already have written 4-6 pages of this). I will turn this around quickly (by Tuesday May 2, I hope) so you can have the feedback for your final paper due May 10.