SOCIOMETRY 355
ECONOMIC SOCIOLOGY

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MW: 3:10-4:30, Vollum 228
Office Hours: TBA

Course Description: This is a rigorous course on the sociology of markets and economic activity in capitalist societies. Its core problem is to understand how rational, economic activities are facilitated, modified or impeded by collective commitments, social relations and social institutions. We address how variation and change in the social structures of economic life are produced, and the consequences for cooperation, rationality, economic competition, justice, and economic development. Topics to be covered include the social, political and cultural construction of markets; the role of networks, institutions, and states in economic development; cooperative alternatives to for-profit corporations; cross national differences in capitalism; economic transitions in post socialist societies; globalization; and the shift from mass production economies to systems based on learning, innovation and flexibility.

The course comes in five parts. Part one introduces the foundational arguments about embeddedness, institutions, and the social construction of markets, and traces how those concepts distinguish economic sociology from neo-classical economics and its vision of actors, firms, and markets.

Parts two begins to develop these arguments in depth, focusing on the social, political and cultural construction of markets. Markets are the pivotal institutions of economic life. Yet their emergence, reproduction and development are typically either taken for granted or understood as a natural or inevitable outgrowth of individuals’ dispositions or utility maximizing behavior. Such presumptions and understandings are sociologically naïve, as they effectively bracket how markets, like other institutions, are products or accomplishments whose constituent elements and understandings, institutional foundations, agents, rules and day-to-day practices have to be articulated, assembled, defended, legitimated and routinized. As we shall see, this work is fundamentally collective, political and constitutive, and occurs at multiple levels, including the social construction of those calculative practices and economically rational individuals which conventional neo-classical accounts invoke as explanatory principles.

Parts three, four and five develop arguments about the social context of economic activity, development and enterprise, examining, respectively, the embeddedness of firms and market actors in networks, organizational forms, and institutions. For much of the last century, economists, political scientists and sociologists have taken markets and firms or contracts and corporations as the twin pillars of economic modernity, effectively stripping economic actors and practices from their social context, and viewing competitive markets and autonomous corporations as the central engines of development,
growth and efficiency in capitalist economies. In contrast, economic sociologists and others have gone beyond these dichotomies to recontextualize economic activity and to consider the full range of social structures, organizational forms and institutions that shape, constrain, and enable economic behavior in capitalist societies. And, in moving beyond markets and firms, economic sociologists have found that social relations, non-market institutions and organizational alternatives to for-profit firms contribute to development, efficiency, and growth in fundamental ways.

Thus, as we see in part three, social networks figure centrally in sociologists’ efforts to go beyond conventional dichotomies and understand the social embeddedness of economic life. Moreover, where traditional analyses often dismiss networks and other forms of association as “pre-modern” holdovers that impede progress and growth, economic sociologists, operating from different sensibilities, have found that such forms promote the trust, flexibility and capacities for innovation that are necessary for economic success in today’s increasingly globalized capitalism. Similarly, as we see in part four, economic sociologists have also considered the embeddedness of economic activity in a wide range of organizational forms, tracing, among other things, the importance of cooperatives, mutuals and public enterprise for solving market failures and fostering local and regional economic development, and the growth of the non-profit sector as an alternative or supplement to private, for-profit provision. And in part five, we follow how economic sociologists have examined the embeddedness of firms and markets in broader institutional systems, paying particular attention here to the marked and enduring institutional diversity of advanced, developing and post-socialist capitalist societies, and the effects of institutional embeddedness on the wealth and growth of nations. Indeed, enduring cross-national differences in the social and institutional structures of capitalism not only foster divergent possibilities and pathways for development, transition, and prosperity, creating or destroying comparative economic advantage in increasingly competitive international markets. They also highlight the importance of social, political and cultural contingency in the development of capitalism, calling into question claims about the existence of “one best way” to structure an economy and the convergence of capitalist countries on a single, Anglo-American model under the pressures of globalization.

Course Prerequisite: Introduction to Sociology (Sociology 211) plus one upper division course in sociology is required for taking this class.

Course Assignments: This is a reading and writing intensive upper division course. In addition to the assigned readings, students will write four reading memos, submit a paper proposal, do an in-class presentation on their research, and write a 10-page research report. In weeks three through six, students will write two-page weekly critiques of assigned readings to get a feel for the issues involved in economic sociology. By week six, students will pick a topic for analysis in a 10-page research report due at the end of the term. Students may work in groups of two or three. In these papers, students must use the materials presented in class to develop and answer a “why” or “how” question about the social or institutional structure of a firm, market, industry, economic transaction, economic policy or state regulatory intervention. Students might want to
explain an institutional, social structural or policy outcome. For example, why do actors in a particular industry rely on this or that institutional arrangement or combination of governance forms to manage a market, business activity or economic transaction? Why do businesses or state actors in one setting or time rely on associations or networks to manage relations with suppliers or workers, whereas those in other settings or times rely on arm’s length contracting, vertical integration or internal labor markets to manage those relations? When and why do actors pursue cooperatives, public ownership or non-profit organization as an alternative to markets, private provision and for profit corporations? What kinds of constraints and opportunities did a particular industry face in building economic institutions and solving problems of coordination, competition and control? Alternatively, students might want to analyze the effects or economic performance consequences of the social structure of markets or particular forms of economic organization. For example, how does the organization or social structure of a market facilitate or impede innovation or adaptation to economic change? When and how can state intervention promote growth and economic development rather than inefficiency, inequality or predatory behavior?

Students should meet with me to discuss their papers in week six. A three-page proposal for the paper, with a set of questions, a bibliography, and some preliminary findings or evidence, is due at the end of week seven, on **Friday, October 14**. Students will present their work in progress in conference in week twelve, on **Monday, November 21 and Wednesday, November 23**. These presentations must go substantially beyond the materials presented in the proposal and should be seen as tool for getting feedback for the write up of the final paper. The final paper is due on **Wednesday, December 12 at 5 pm**.

**Readings:** The following *books* are required and are available at the Reed College bookstore. Additional readings listed below are available through JSTOR, via the AJS website ([www.journals.uchicago.edu/AJS/journal/available.html](http://www.journals.uchicago.edu/AJS/journal/available.html)) or on reserve


I have also ordered a few copies of the following *optional* resource for understanding quantitative analysis.

READING ASSIGNMENTS

PART I: INTRODUCTION: EMBEDDEDNESS, SOCIAL CONSTRUCTION AND THE ECONOMIC INSTITUTIONS OF CAPITALISM

Week 1: (August 29, 31)

 Embeddedness and Institutionalism


PART II: THE SOCIAL CONSTRUCTION OF MARKETS

Week 2: (September 7)

 Cultural Construction of Markets


Week 3: (September 12, 14)

 Institutions, Self-Interest


Reading memo 1: Due Monday, September 12th in class.

Week 4: (September 18: Sunday night class)

 Market Making as Institutional Projects


**Reading memo 2:** Due Sunday, September 18th in class.

**Week 5:** (September 26, 28)

*Market Making and the Professions: Projects, Classifications, Discourse*


**Reading memo 3:** Due Monday, September 26th in class.
PART III:
EMBEDDEDNESS I—SOCIAL NETWORKS

Week 6: (October 3, 5)

*Networks as systems of flexible production, networks as systems of learning*


**Reading memo 4**: Due Monday, October 3rd in class.

Week 7: (October 10, 12)

*Networks as systems of status and information flow, plus a dissent*


**Research proposal**: Due Friday, October 14, at 3 pm.

Fall break: October 15-23
PART IV:
EMBEDDEDNESS II --ORGANIZATIONAL FORMS

Week 8: (October 24, 26)

Hierarchy, Cooperatives, Associations, Non-profits: Market Failure Approaches


Week 9: (October 31, November 2)

Historical, Constructionist and Pragmatist Approaches


Week 10 (November 7, 9)

**Historical and Ecological Approaches to Form: Hannon and Padgett**


**PART V:**
**EMBEDDEDNESS III: INSTITUTIONS AND INSTITUTIONAL SYSTEMS**

Week 11: (November 14, 16)

**Varieties of Capitalism: Affluent Capitalist Economies**


**Week 12:** (November 21, 23)

*Presentations, no reading*

**Week 13:** (November 28, 30)

*Institutions, States and Economic Development: NIC’s in a Global Economy*


**Week 14:** (Dec 5, 7)

*Institutions and Transitions: Post-Socialist Paths*


**Final research report:** due Monday, December 12 at 5pm.