

Doctoral Seminar

Economy and Society II

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Max Planck Institute for the Study of Societies

Spring 2018

Meets Tuesdays, 2:00–3:30 (Paulstraße 3)

Course Description

The seminar focuses on recent debates on the interrelations between economy and society. It builds on a second course taught in Fall on foundational controversies (*Economy & Society I*).

The first part on “action” centers on processes of agency in the economy. At the beginning stands a discussion of Max Weber’s typology of action and a text by John Dewey which outlines a pragmatist understanding of social action. This is followed by five sessions on different approaches to understand economic action, the rational actor model, the embeddedness perspective, research into the role of cognitive categories, the nature of creativity and innovation in modern capitalist economies, and sociological views of the formation of expectations. Creativity, habits, mental models, imaginaries, and institutions are all elements of a theory of economic action which sees the economy as being embedded in its social environment.

The second part of the seminar is more macro-oriented, discussing markets and socio-economic understandings of the constitution of markets through cultural change, institutions, policies, and theories.

The third and final part of the seminar focuses on selected research on the development of modern capitalism. The sessions present analyses of credit, money, finance, and crises in recent socio-economic scholarship.

The goal of the seminar is to familiarize students with several major theories, approaches and topics that contribute to our understanding of the interrelations between the economy and society. The readings range from modern classics to contemporary sources. The seminar proceeds from the assumption that economic action and economic structures are socially, politically and culturally constituted. Understanding the processes leading to the actual forms of organization of the economy and to the specific forms of agency within the economy is the primary goal of economic sociology.

Participation in the seminar

All participants will be expected to *read all of the required texts* on the syllabus; *take an active part in class discussions*; and *prepare response memos* on the required readings for two of the weeks (1500 words each). The memos are intended to prepare the ground for discussions by asking participants to set out their responses to the readings in written form. Memos should not just summarize the readings, but rather take up specific arguments, compare the positions of different authors, raise questions of evidence, usefulness, or plausibility or draw attention to particular strengths and weaknesses in the arguments and descriptions. We will share these memos through

email. In order for everyone to have time to read over the comments of others, these will be due by 4 pm on the day before the class meets.

For registration and further organizational matters please contact Timur Ergen (te@mpifg.de).

Recommended readings

Recommended books, chapters, and collections introducing the debates relevant to the seminar include,

Jens Beckert, 2002 [1997]: *Beyond the Market: The Social Foundations of Economic Efficiency*, Princeton: Princeton University Press.

Jens Beckert, 2009: The Social Order of Markets. In: *Theory and Society* 38, 245–269.

Frank Dobbin, 2004: Introduction: The Sociology of the Economy. In: Frank Dobbin (ed.), *The New Economic Sociology. A Reader*, Princeton: Princeton University Press, 1–26.

Mark Granovetter and Richard Swedberg (eds.), 2011: *The Sociology of Economic Life*. 3rd Edition, Boulder et al.: Westview Press.

Richard Swedberg, 1990: *Economics and Sociology: Redefining Their Boundaries. Conversations with Economists and Sociologists*, Princeton: Princeton University Press.

Richard Swedberg, 2003: *Principles of Economic Sociology*, Princeton: Princeton University Press.

Course Schedule

April 10, 2018

Introduction

Part 1: Economic Action

April 17, 2018

Models of Action

John Dewey, 2008 [1922]: *Human Nature and Conduct. An Introduction to Social Psychology*. Carbondale: Southern Illinois University Press, 119–170.

Max Weber, 1978 [1921]: *Economy and Society: An Outline of Interpretive Sociology*, Berkeley: University of California Press, 3–31.

April 24, 2018

Rational Choice

Milton Friedman, 1953: The Methodology of Positive Economics. In: Milton Friedman, *Essays in Positive Economics*. Chicago: University of Chicago Press, 3–43.

Jon Elster, 2009: Excessive Ambitions. *Capitalism and Society* 4, Online article.

May 8, 2018

The Embeddedness of Economic Action

Mark Granovetter, 1985: Economic Action and Social Structure: The Problem of Embeddedness. *American Journal of Sociology* 91, 481–510.

Brian Uzzi, 1997: Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness. *Administrative Science Quarterly* 42, 35–67.

Gernot Grabher, 1993: The Weakness of Strong Ties. The Lock-in of Regional Development in the Ruhr Area. In: Gernot Grabher (ed.), *The Embedded Firm. On the Socioeconomics of Industrial Networks*. London, New York: Routledge, 255–277.

May 22, 2018

Categories in Economic Action

Wendy Espeland and Mitchell Stevens, 1998: Commensuration as a Social Process, *Annual Review of Sociology* 24: 312–343.

Marion Fourcade, 2011 Cents and Sensibility: Economic Values and the Nature of ‘Nature’ in France and America. *American Journal of Sociology* 116, 1721–1777.

Ezra Zuckerman, 1999: The Categorical Imperative: Securities Analysts and the Illegitimacy Discount. *American Journal of Sociology* 104, 1398–1438.

Rainer Diaz-Bone, 2017: Classifications, Quantifications and Quality Conventions in Markets – Perspectives of the Economics of Convention. *Historical Social Research* 42, 238–262.

May 29, 2018

Innovation

Joseph Schumpeter, 1912: *Theorie der wirtschaftlichen Entwicklung*. Berlin: Duncker & Humblot, 124–164.

Richard K. Lester and Michael J. Piore, 2004: *Innovation. The Missing Dimension*. Cambridge, MA: Harvard University Press, 1–12, 35–73.

Daron Acemoglu, James A. Robinson and Thierry Verdier, 2013: Can’t We All Be More Like Scandinavians? Asymmetric Growth and Institutions in an Interdependent World. *Working Paper*.

Fred Block and Matthew Keller, 2009: Where Do Innovations Come From? Transformations in the US Economy, 1970–2006. *Socio-Economic Review* 7, 459–483.

June 5, 2018

Competing for the Future

Jens Beckert, 2013: Imagined Futures. Fictional Expectations in the Economy. *Theory and Society* 42, 219–240.

Leon Wansleben, 2013: Dreaming with BRICs. Innovating the Classificatory Regimes of International Finance. *Journal of Cultural Economy* 6, 453–471.

Harro van Lente and Arie Rip, 1998: The Rise of Membrane Technology: From Rhetorics to Social Reality.” *Social Studies of Science* 28, 221–254.

Part 2: Markets

June 12, 2018

The Social Order of Markets

Neil Fligstein, 2001: *The Architecture of Markets: An Economic Sociology of Twenty-First-Century Capitalist Societies*, Princeton: Princeton University Press. pp. 3–44.

Jens Beckert, 2009: The Social Order of Markets. *Theory and Society* 38, 3, 245–269.

June 19, 2018

Performativity

Donald MacKenzie 2007: Is Economics Performative? Option Theory and the Construction of Derivatives Markets. In: Donald MacKenzie et al. (eds.), *Do Economists Make Markets? On the Performativity of Economics*. Princeton, NJ, Princeton University Press, 54–86.

Frank Dobbin and Jiwook Jung, 2010: The Misapplication of Mr. Michael Jensen: How Agency Theory Brought Down the Economy and Why it Might Again. In: *Markets on Trial: The Economic Sociology of the U.S. Financial Crisis. Research in the Sociology of Organizations* 30b, 29–64.

Optional:

Michel Callon, 1998: Introduction: The Embeddedness of Economic Markets in Economics. In: Michel Callon (ed.), *The Laws of the Markets*. Malden, Oxford: Blackwell, 1–57.

Part 3: Capitalism

June 26, 2018

Varieties, Institutions, and Trajectories of Capitalism

Peter Hall and David Soskice, 2001: An Introduction to Varieties of Capitalism. In: Ibid. (eds.), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*, Oxford: Oxford University Press, 1–45.

Wolfgang Streeck, 2012: E Pluribus Unum? Varieties and Commonalities of Capitalism. *MPIfG Discussion Paper* 10/12.

Lucio Baccaro and Jonas Pontusson, 2016: Rethinking Comparative Political Economy. The Growth Model Perspective. *Politics and Society* 44, 2, 175–207.

July 03, 2018

Consumer Credit (session with Akos Rona-Tas)

Akos Rona-Tas and Alya Guseva, 2014: *Plastic Money. Constructing Markets for Credit Cards in Eight Postcommunist Countries*. Stanford, Stanford University Press, ch. 4 & 7.

Akos Rona-Tas, 2017. The Off-Label Use of Consumer Credit Ratings. *Historical Social Research* 42: 52–76.

July 10, 2018

Financialization

Greta Krippner, 2011: *Capitalizing on Crisis. The Political Origins of the Rise of Finance*. Cambridge, MA: Harvard University Press, Chapters 2 & 3.

Marion Fourcade and Sarah Babb, 2002: The Rebirth of the Liberal Creed: Paths to Neoliberalism in Four Countries. *American Journal of Sociology* 108, 533–579.

Neil Fligstein and Adam Goldstein, 2015: The Emergence of a Finance Culture in American Households, 1989–2007. *Socio-Economic Review* 13, 575–601.

Gerald F. Davis, 2009: The Rise and Fall of Finance and the End of the Society of Organizations. *ACM Perspectives* 23, 27–44.

July 17, 2018

Crises in Capitalism

Wolfgang Streeck, 2011: The Crises of Democratic Capitalism. In: *New Left Review* 71, 5–29.

Kindleberger, Charles P. and Robert Z. Aliber, 2005 [1978]: *Manias, Panics and Crashes*.

A History of Financial Crises, Houndsmills & New York: Palgrave MacMillan. Chapters 1 & 2.