

# SOCIOLOGY 8490 ECONOMIC SOCIOLOGY

**Fall 2005, Thurs 12:45-3:15, Blegen 225**

<http://www.soc.umn.edu/~knoke/pages/SOC8490ECONSOC.htm>

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**Office Hours:** TU & TH 11:15-12:15; other times by appointment

**Seminar Objectives**

This graduate seminar introduces students to sociological perspectives on the economy, an subfield reinvigorated in the past decade by sociologists who increasingly probed the relationships among markets, organizations, networks, institutions, culture, and politics. We begin with an overview of the neoclassical and related economic explanations of pricing and production decisions by rational, utility-maximizing actors in competitive markets. We then turn sociological of explanations of economic phenomena that take into consideration the sociopolitical contexts within which those actions occur. Core theories include neoinstitutional, network, evolutionary, power, and embeddedness accounts of how economic action is socially and politically constructed and constrained by specific cultural and historical circumstances. We will examine a range of theoretical and substantive issues, including: institutional and cultural theories of markets and organizations; social capital and social embeddedness; networks in the economy and workplace; evolutionary and environmental economics; legal and governance institutions; economics and politics of the welfare state; post-communist and transitional economies; multi- and transnational corporations in the global economy; and globalization and developing nations in the world system.

**Format and Expectations**

The course is conducted as a seminar. Weekly class meetings typically consist of several activities: an overview of the main aspects of a topic by the instructor; a constructively critical evaluation of the required readings, led by a student; open discussion among all participants of key issues, applications to empirical research, and potential directions for future developments. For any seminar to succeed, all students must aid one another's learning by thorough preparation and active participation. Preparation includes careful reading of all required articles in advance, while class participation includes informed listening and frequent oral contributions to the discussions.

**Class Discussions:** Each week, a different student serves as the discussion leader for the required readings. The leader should also include additional insights on that week's topic from the supplementary readings. The main responsibility is to raise critical questions about the articles/chapters. The leader must also prepare a brief discussion guide that systematically outlines and assesses that perspective (see an example outline below). As much as possible, discussions should be devoted to interpreting and evaluating the merits

and shortcomings of the perspective, going beyond just recapping the details of individual papers.

**Course Paper:** Each student will write a paper on some aspect of economic sociology. Some possibilities include, but are not limited to: (1) a critical evaluation of an existing theoretical perspective, identifying logical holes in its proponents' arguments and suggesting possible remedies; (2) an application of alternative approaches to some substantive application of economic sociology, suggesting how an empirical study or a theoretical synthesis might extend knowledge about this topic; (3) a theory-construction exercise, which attempts to build an original economic sociology explanation of some social behavior; (4) a secondary analysis of a previously collected dataset; (5) a case study in economic sociology, using such qualitative methods as participant-observation, archival records, and/or in-depth interviews to explain some important aspect of behavior; (6) a proposal for a thesis or grant funds, consisting of a detailed research design to test economic sociology ideas.

The choice of paper topic is up to each student, but should be discussed with the instructor before devoting time and effort, preferably by the beginning of October. Papers should not exceed 20 pages, excluding title page and references (doubled-spaced, one-inch margins, 12-point Times Roman font), and are due at the end of the last week of classes (Wednesday December 14, 2005).

Course grades are based on the following criteria: participation in class discussion (10%), leading a class discussion (20%), the discussion guide (30%), and the course paper (40%).

### **Course Website**

The Website contains course materials and hyperlinks to other potentially useful sites. New information may be added during the semester. Find the course Webpage at this URL:  
<<http://www.soc.umn.edu/~knoke/pages/SOC8490ECONSOC.htm>>

### **Required & Supplementary Readings**

The required (\*) and supplementary readings below include original statements, review articles summarizing the situation, and some empirical research applications. I minimized the number of required readings to give us adequate time to ponder the issues they raise, and so that everyone will likely read these materials in advance of each weekly meeting. I encourage you to read many other articles and books that you may find on your own, or in the longer Extended Bibliography of references available on the course Webpage, to develop greater depth in topics of particular personal interest. Students may obtain copies of the required and supplementary readings, as described during our initial class meeting.

## **IMPORTANT INFORMATION**

**Incompletes:** No course incompletes or deadline extensions will be made without a written explanation from a medical authority.

**Academic Dishonesty:** By becoming a student at the University of Minnesota, you have agreed to abide by the University's code of conduct, including its provisions on scholastic dishonesty. I take this obligation very seriously. **Depending on the severity of a scholastic dishonesty, I will award a grade of F for the entire assignment or the entire course, as well as pursuing disciplinary action with University authorities.** Here is the relevant University policy:

**From UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS POLICY  
STUDENT CONDUCT**

Section IV. CONDUCT CODE

The following are defined as disciplinary offenses actionable by the University:

Subd. 1. Scholastic Dishonesty. Submission of false records of academic achievement; cheating on assignments or examinations; plagiarizing; altering, forging, or misusing a University academic record; taking, acquiring, or using test materials without faculty permission; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement.

<http://www1.umn.edu/regents/policies/academic/StudentConduct.html>

**Plagiarism** is the most relevant issue for this intensive writing class. Webster's Ninth Collegiate Dictionary (1987:898) defines the verb *plagiarize* as "to steal or pass off (the ideas or words of another) as one's own: use (a created production) without crediting the source." Students must learn proper procedures for quoting, citing, and referencing another author's ideas and published writing (including Web pages). You are encouraged to discuss your ideas for course papers with classmates, friends, teaching assistants, and me, but ultimately you must do the actual writing and attribute any ideas and words that are not your own to their original sources. If you are ever uncertain about correct acknowledgement, quotation, paraphrase, or citation & reference procedures in using others' works, please check with the instructor.

**College and Department Policies Attached:** *This material is available in alternative formats upon request. Please contact Carol Rachac, Department of Sociology, 909 Social Sciences (612) 624-4300.*

# DISCUSSION GUIDE

Prepare a short discussion guide, about two or three pages, with 18 copies to hand out to the class at the beginning of your discussion session. You may also create any visual aids (Powerpoint slides, transparencies) that could help to stimulate discussion.

The guide's main emphasis should be the network ideas in that week's required and supplementary readings. However, a guide should not summarize each article/chapter. Rather, it should extract and emphasize core themes, principles, issues, controversies. Your goal is to stimulate the class' critical interpretation and evaluation of the theories, methods, and substantive applications of network concepts and principles.

Structurally, a guide might consist of several bullet points and/or questions that highlight the topics and problems that you expect the class to discuss. Try to be balanced, noting strengths as well as weaknesses. Look for opportunities to integrate ideas from other sources, including preceding weeks, and suggest potential ways to advance inquiry through novel approaches to the topic.

Here are some questions to ponder when preparing your guide:

- What are the key network theories, concepts, and propositions in this field?
- What alternative theoretical perspectives compete to explain important behaviors?
- How could network ideas improve our knowledge and understanding of the topic?
- What structural patterns or relational processes are crucial for better understanding?
- What are the origins of network relationships and what are their consequences?
- How close is the fit between theoretical concepts and network measures or data collection procedures?
- What improvements in network research designs to study this topic are feasible?
- Have researchers used (in)appropriate network methods to test their hypotheses?
- Given inevitable empirical limitations, are analysts' conclusions warranted or suspect?

## TOPICAL CALENDAR FALL 2005

Week 1 Sept. 8	Introduction to Economic Sociology; Neoclassical Economics Theory
Week 2 Sept. 15	Rational Actors, Transaction Costs, Principals & Agents
Week 3 Sept. 22	Classical Economic Sociology: Weber, Schumpeter, et al.
Week 4 Sept. 29	Institutionalist Theories of Markets & Organizations
Week 5 Oct. 6	Cultural Institutionalism and the Economy
Week 6 Oct. 13	Social Capital, Trust, and Social Embeddedness
Week 7 Oct. 20	Markets, Hierarchies, and Networks
Week 8 Oct. 27	Evolutionary Economics and Environmental Sociology
Week 9 Nov. 3	Legal & Governance Institutions of the Economy
Week 10 Nov. 10	Economics and Politics of Welfare States
Week 11 Nov. 17	Post-Communist and Transitional Economies
<b>Week 12</b> <b>Nov. 24</b>	<b>THANKSGIVING – NO CLASS</b>
Week 13 Dec. 1	Multinational & Transnational Corporations in the Global Economy
Week 14 Dec. 8	Globalization and Developing Nations in the World System
Week 15 Dec. 15	<b>NO CLASS THIS WEEK</b>

## **WEEK 1 SEPT 8: INTRODUCTION TO ECONOMIC SOCIOLOGY; NEOCLASSICAL ECONOMICS THEORY**

\* **Becker, Gary S.** 1993. "Nobel Lecture - The Economic Way of Looking at Behavior." *Journal of Political Economy* 101:385-409.

**Beckert, Jens.** 1996. "What is Sociological About Economic Sociology? Uncertainty and the Embeddedness of Economic Action." *Theory and Society* 25/26: 803-840.

**Coleman, James, S.** 1993. "The Impact of Gary Becker's Work on Sociology." *Acta Sociologica* 36:169-178.

**Fine, Ben.** 1999. "A Question of Economics: Is It Colonizing the Social Sciences?" *Economy & Society* 28:403-425.

\* **Swedberg, Richard.** 1997. "New Economic Sociology: What Has Been Accomplished, What Is Ahead?" *Acta Sociologica* 40:161-182.

\* **Zafirovski, Milan.** 1999. "Economic Sociology in Retrospect and Prospect: In Search of its Identity within Economics and Sociology." *American Journal of Economics & Sociology* 58:583-627.

## **WEEK 2 SEPT 15: RATIONAL ACTORS, TRANSACTION COSTS, PRINCIPALS & AGENTS**

\* **Boudon, Raymond.** 2003. "Beyond Rational Choice Theory." *Annual Review of Sociology* 29:1-21.

**Coase, Ronald.** 1937. "The Nature of the Firm." *Economica* 4:386-405.

\* **Eisenhardt, Kathleen M.** 1989. "Agency Theory: An Assessment and Review." *Academy of Management Review* 14:57-74.

**Hechter, Michael and Satoshi Kanazawa.** 1997. "Sociological Rational Choice Theory." *Annual Review of Sociology* 23:191-214.

\* **Williamson, Oliver E.** 1988. "Transaction Cost Economics: How It Works; Where It Is Headed." *De Economist* 146:23-58.

**Zafirovski, Milan.** 2000. "The Rational Choice Generalization of Neoclassical Economics Reconsidered: Any Theoretical Legitimation of Economic Imperialism?" *Sociological Theory* 18:448-471.

## **WEEK 3 SEPT 22: CLASSICAL ECONOMIC SOCIOLOGY: WEBER, SCHUMPETER, et al.**

Aspers, Patrik. 1999. "The Economic Sociology of Alfred Marshall: An Overview." *American Journal of Economics & Sociology* 58:651-667.

Kahlil, Elias L. 1995. "The Socioculturalist Agenda in Economics: Critical Remarks of Thorstein Veblen's Legacy." *Journal of Socio-Economics* 24:545-569.

\* Peukert, Helge. 2004. "Max Weber: Precursor of Economic Sociology and Heterodox Economics?" *American Journal of Economics and Sociology* 63:987-1020.

\* Swedberg, Richard. 1995. "Schumpeter's Vision of Socioeconomics." *Journal of Socio-Economics* 24:525-544.

\* Swedberg, Richard. 1999. "Max Weber as an Economist and as a Sociologist: Towards a Fuller Understanding of Weber's View of Economics." *American Journal of Economics & Sociology* 58: 561-582.

Swedberg, Richard. 2003. "The Classics in Economic Sociology." Pp. 1-31 in *Principles of Economic Sociology*. Princeton, NJ: Princeton University Press.

## **WEEK 4 SEPT 29: INSTITUTIONALIST THEORIES OF MARKETS & ORGANIZATIONS**

Granovetter, Mark. 1992. "Economic Institutions as Social Constructions: A Framework for Analysis." *Acta Sociologica* 35:3-11.

\* Hodgson, Geoffrey M. 2000. "What Is the Essence of Institutional Economics?" *Journal of Economic Issues* 34:317-329.

\* Ingram, Paul and Karen Clay. 2000. "The Choice-within-Constraints New Institutionalism and Implications for Sociology." *Annual Review of Sociology* 26:525-546.

Lie, John. 1997. "Sociology of Markets." *Annual Review of Sociology* 23:341-360.

Rutherford, Malcolm. 2001. "Institutional Economics: Then and Now." *Journal of Economic Perspectives* 15(3):173-194.

\* Valthuis, Olav. 1999. "The Changing Relationship Between Economic Sociology and Institutional Economics: From Talcott Parsons to Mark Granovetter." *American Journal of Economics & Sociology* 58:629-649.

## **WEEK 5 OCT 6: CULTURAL INSTITUTIONALISM AND THE ECONOMY**

\* **Altman, Morris**. 2001. "Culture, Human Agency, and Economic Theory: Culture as a Determinant of Material Welfare." *Journal of Socio-Economics* 30:379-391.

**Bowles, Samuel**. 1998. "Endogenous Preferences: The Cultural Consequences of Markets and Other Economic Institutions." *Journal of Economic Literature* 36:71-111.

**Mischel, Kenneth**. 1997. "Webs of Significance: Understanding Economic Activity in Its Cultural Context." *Review of Social Economy* 55:67-84.

**Sayer, Andrew**. 2001. "For a Critical Cultural Political Economy." *Antipode* 33:687-708.

\* **Spillman, Lyn**. 1999. "Enriching Exchange: Cultural Dimensions of Markets." *American Journal of Economics and Sociology* 58:1047-1073.

\* **Zelizer, Viviana A.** 2005. "Culture and Consumption." Pp.331-354 in *The Handbook of Economic Sociology*, Second Ed., edited by Neil J. Smelser and Richard Swedberg. Princeton, NJ: Princeton University Press.

## **WEEK 6 OCT 13: SOCIAL CAPITAL, TRUST, and SOCIAL EMBEDDEDNESS**

**Alvarez, Sharon A., Jay B. Barney, and Douglas A. Bosse**. 2003. "Trust and Its Alternatives." *Human Resource Management* 42:393-404.

\* **Beckert, Jens**. 2003. "Economic Sociology and Embeddedness: How Shall We Conceptualize Economic Action?" *Journal of Economic Issues* 37:769-787.

\* **Gergs, Hans-Joachim**. 2003. "Economic, Social, and Symbolic Capital." *International Studies of Management & Organization* 33:22-48.

**Krippner, Greta R.** 2001. "The Elusive Market: Embeddedness and the Paradigm of Economic Sociology." *Theory and Society* 30:775-810.

**Parnell, Martin F.** 2005. "Chinese Business Guanxi: An Organization or Non-organization?" *Journal of Organisational Transformation & Social Change* 2:29-47.

\* **Reed, Michael I.** 2001. "Organization, Trust and Control: A Realist Analysis." *Organization Studies* 22:201-228.



## **WEEK 7 OCT 13: MARKETS, HIERARCHIES, AND NETWORKS**

\* **White, Harrison C.** 2002. "Introduction." Pp. 1-23 in *Markets from Networks: Socioeconomic Models of Production*. Princeton: Princeton University Press.

\* **Adler, Paul S.** 2001. "Market, Hierarchy, and Trust: The Knowledge Economy and the Future of Capitalism." *Organization Science* 12:215-234.

**Dixon, John and Dogan, Rhys.** 2002. "Hierarchies, Networks and Markets: Responses to Societal Governance Failure." *Administrative Theory & Praxis* 24:175-196.

**Gulati, Ranjay, Nitin Nohria and Akbar Zaheer.** 2000. "Strategic Networks." *Strategic Management Journal*. 21:203-215.

\* **Knorr Cetina, Karin and Urs Bruegger.** 2002. "Global Microstructures: The Virtual Societies of Financial Markets." *American Journal of Sociology* 107:905-950.

**Powell, Walter W. and Kaisa Snellman.** 2004. "The Knowledge Economy." *Annual Review of Sociology* 30:199-220.

## **WEEK 8 OCT 27: EVOLUTIONARY ECONOMICS AND ENVIRONMENTAL SOCIOLOGY**

\* **Belsky, Jill M.** 2002. "Beyond the Natural Resource and Environmental Sociology Divide: Insights from a Transdisciplinary Perspective." *Society and Natural Resources* 15:269-280.

**Buttel, Frederick H.** 2002. "Environmental Sociology and the Sociology of Natural Resources: Institutional Histories and Intellectual Legacies." *Society and Natural Resources* 15:205-211.

**Hodgson, Geoffrey M.** 2002. "Darwinism in Economics: From Analogy to Ontology." *Journal of Evolutionary Economics* 12(3):259-281.

\* **Nelson, Richard R. and Sidney G. Winter.** 2002. "Evolutionary Theorizing in Economics." *Journal of Economic Perspectives* 16(2):23-46.

**Foster, John Bellamy.** 1999. "Marx's Theory of Metabolic Rift: Classical Foundations for Environmental Sociology." *American Journal of Sociology* 105:366-405.

\* **van den Bergh, Jeroen C. J. M. and John M. Gowdy.** 2000. "Evolutionary Theories in Environmental and Resource Economics: Approaches and Applications." *Environmental and Resource Economics* 17:7-57.

## **WEEK 9 NOV 3: LEGAL & GOVERNANCE INSTITUTIONS OF THE ECONOMY**

\* **Belcher, Alice**. 2003. "Inside the Black Box: Corporate Laws and Theories." *Social & Legal Studies* 12:359-376.

**Black, William**. 2003. "Reexamining the Law-and-Economics Theory of Corporate Governance." *Challenge* 46(2):22-40.

**Culpan, Refik and John Trussel**. 2005. "Applying the Agency and Stakeholder Theories to the Enron Debacle: An Ethical Perspective." *Business & Society Review* 110:59-76.

\* **Sundaram, Anant K. and Andrew C. Inkpen**. 2004. "The Corporate Objective Revisited." *Organization Science* 15:350-363.

\* **Freeman, R. Edward, Andrew C. Wicks and Bidhan Parmar**. 2004. "Stakeholder Theory and 'The Corporate Objective Revisited'." *Organization Science* 15:364-369.

\* **Swedberg, Richard**. 2003. "The Case for an Economic Sociology of Law." *Theory and Society* 32:1-37.

**Sykes, Alan O.** 2002. "New Directions in Law and Economics." *American Economist* 46:10-21.

## **WEEK 10 NOV 10: ECONOMICS AND POLITICS OF WELFARE STATES**

**Ferrera, Maurizio and Martin Rhodes**. 2000. "Building a Sustainable Welfare State." *West European Politics* 23(2):257-282.

**Hassler, John**. 2003. "The Survival of the Welfare State." *American Economic Review* 93:87-112.

**Hicks, Alexander and Lane Kenworthy**. 2003. "Varieties of Welfare Capitalism ." *Socio-Economic Review* 1:27-61.

**Esping-Andersen, Gøsta**. 2003. "Why No Socialism Anywhere? A Reply to Alex Hicks and Lane Kenworthy." *Socio-Economic Review* 1(1):63-70.

\* **Hill, Dana C. D. and Leann M. Tigges**. 1995. "Gendering Welfare State Theory: A Cross-National Study of Women's Public Pension Quality." *Gender & Society* 9:99-119.

\* **Korpi, Walter**. 2003. "Welfare-State Regress in Western Europe: Politics, Institutions, Globalization, and Europeanization." *Annual Review of Sociology* 29:589-609.

\* **Myles, John and Jill Quadagno**. 2002. "Political Theories of the Welfare State." *Social Service Review* 76(1):34-57.

## **WEEK 11 NOV 17: POST-COMMUNIST & TRANSITIONAL ECONOMIES**

\* Barria, Lilian A. and Steven D. Roper. 2004. "Economic Transition in Latin American and Post-Communist Countries: A Comparison of Multilateral Development Banks." *International Journal of Politics, Culture and Society* 17:619-638.

\* Hughes, James, Peter John and Gwendolyn Sasse. 2002. "From Plan to Network: Urban Elites and the Post-Communist Organisational State in Russia." *European Journal of Political Research* 41:395-420.

\* Walder, Andrew G. 2003. "Elite Opportunity in Transitional Economics." *American Sociological Review* 68:899-916.

Zhou, Xueguang, Qiang Li, Wei Zhao and He Cai. 2003. "Embeddedness and Contractual Relationships in China's Transitional Economy." *American Sociological Review* 68:75-102.

Fligstein, Neil. 1996. "The Economic Sociology of the Transition from Socialism." *American Journal of Sociology* 101:1074-1081.

Keister, Lisa A. 1998. "Engineering Growth: Business Group Structure and Firm Performance in China's Transition Economy." *American Journal of Sociology* 104:404-440.

## **WEEK 13 DEC 1: MULTINATIONAL & TRANSNATIONAL CORPORATIONS IN THE GLOBAL ECONOMY**

\* Henderson, Hazel. 2000. "Transnational Corporations and Global Citizenship." *American Behavioral Scientist* 43(8):1231-1261.

\* Carroll, William K. and Meindert Fennema. 2002. "Is There a Transnational Business Community?" *International Sociology* 17:393-419.

\* Kentor, Jeffrey and Yong Suk Jang. 2004. "Yes, There Is a (Growing) Transnational Business Community: A Study of Global Interlocking Directorates 1983-98." *International Sociology* 19:355-368.

\* Carroll, William K. and Meindert Fennema. 2004. "Problems in the Study of the Transnational Business Community: A Reply to Kentor and Jang." *International Sociology* 19:369-378.

Gugler, Klaus, Dennis C. Meuller and B. B. Yurtoglu. 2004. "Corporate Governance and Globalization." *Oxford Review of Economic Policy* 20:129-156.

Kogut, Bruce and U. Zander. 2003. "Knowledge of the Firm and the Evolutionary Theory of the Multinational Corporation." *Journal of International Business Studies* 34:516-529.

Levy, David L. and Aseem Prakash. 2003. "Bargains Old and New: Multinational Corporations in Global Governance." *Business and Politics* 5(2):131-150.

\* Zander, Ivo. 1999. "How Do You Mean 'Global'? An Empirical Investigation of Innovation Networks in the Multinational Corporation." *Research Policy* 28(2-3):195-213.

## **WEEK 14 DEC 8: GLOBALIZATION and DEVELOPING NATIONS in the WORLD SYSTEM**

\* **Huby, Meg.** 2001. "The Sustainable Use of Resources on a Global Scale." *Social Policy and Administration* 35(5):521-537.

**Fernando, Jude L.** 2003. "The Power of Unsustainable Development: What is to Be Done?" *Annals of the American Academy of Political and Social Science* 590:6-34.

**Herkenrath, Mark and Volker Bornschie**. 2003. "Transnational Corporations in World Development-Still the Same Harmful Effects in an Increasingly Globalized World Economy." *Journal of World-Systems Research* 9:105-139.

\* **Kim, Sangmoon and Eui-Hang Shin.** 2002. "A Longitudinal Analysis of Globalization and Regionalization in International Trade: A Social Network Approach." *Social Forces* 81:445-471.

**O'Riain, Sean.** 2000. "States and Markets in an Era of Globalization." *Annual Review of Sociology* 26:187-213.

\* **Sklair, Leslie.** 2002. "The Transnational Capitalist Class and Global Politics: Deconstructing the Corporate-State Connection." *International Political Science Review* 23(2):159-174.