

book is a very useful and effective introduction to the sociology of money and credit. It is admirable for the mostly no-nonsense style and concise arguments. It represents a promising effort to make students think and wonder about money and credit as social constructions. For those more advanced in economic sociology, chs. 4 and 5 on credit are the most interesting parts of the book, with the focus on the emergence of the institutions, organizations and networks that form the contemporary system of finance. C/A fruitfully draw on their profound knowledge of monetary institutions, especially in the US, to highlight the driving forces behind their developments and the attempts to regulate and politically control the financial system.

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Book: Akerlof, George A./Rachel E. Cranton, 2010: *Identity Economics: How Our Identities Shape Our Work, Wages, and Well-being*. Princeton: Princeton University Press. U.S. \$24.95.

Reviewer: Patrik Aspers, Max Planck Institute for the Study of Societies and Stockholm University

Identity has for many years been a core notion in sociology and in every-day conversations. Sociological and anthropological research on identity is substantial, and among new economic sociologists identity has been used for understanding and analyzing core economic institutions such as

markets and economic networks. Identity has also been seen as the result of social interaction in markets and networks.

The book by the economists George Akerlof and Rachel Kranton, *Identity Economics*, shows that this is not only a notion that sociologists and anthropologists should take seriously. Akerlof and Kranton see their book as "a primer" that will inform us about their basic ideas about identity, how it relates to economics and other social sciences, and the consequences of their approach.

The two authors have collaborated for more than ten years and written several papers together, which form the background of the book. It is clear that the editor deserves credit for truly supporting Akerlof and Kranton in writing a book that conveys a clear and coherent picture of their perspective. A reader already exposed to their ideas will find that this book adds much to the texts already published, especially on the relation between identity and standard economics. It should be said that much of the input – on household, gender, race, education and organization – comes from sociology.

Identity, as used by Akerlof and Kranton, covers also norms and social category assignment (p. 17). The central idea in the book is that identities define the social categories of people, and the norms of a category will influence how they act (p. 13). This triad is also guiding their methods: (i) identify the social category and its members; (ii) identify the norms of the group; (iii) identify the gains and losses in terms of utility of action alternatives based on actors' identities (p. 14), such as breaking the norms of the group. To be a member of a group or gaining an identity as a result of doing things together with others is also covered by their notion (p. 24-5). The information on identity, we are told (p. 18) shall come from observation. With their approach they want to move beyond the traditional economic assumption that "tastes and preferences are individual characteristics independent of social context" (p. 10).

They argue that an actor's utility can be increased or decreased depending on the consequences of the acts on her identity. Consumption, in standard economics, is seen as something that adds utility. A person may, for example, prefer to eat meat, since this increases her utility. Another person may identify herself with the protection of animals, and thus be against the production and consumption of meat only for the purpose of eating it. This person's utility may then decrease if she would (have to) eat meat. A per-

son may also suffer from someone else eating meat. This is a form of "externality", which may also come from others violating norms that one holds dear. To understand why persons do not like meat, we should not, Akerlof and Kranton say, state that this is due to their preferences. The analysis must, in contrast, account for their social position and their being.

We can make an economic or a sociological interpretation of their work. According to the economic interpretation, they present a decision theory, though expanded, which they generalize to be the way people behave. There is, then, still an assumption of a rational and utility maximizing actor who somewhat "calculate" what to do. What they add is that the utility actors gain derived from who they are, how they relate to norms and their own identity. Consequently, people, in their view, choose their identities. Though they don't say that it is possible to choose one's race, "immigrants can decide whether to assimilate" (p. 19).

Given the economic interpretation it is not difficult to see the problem with *Identity Economics*. The notion of subjective utility, also in the approach by Akerlof and Kranton, has a tautological touch: everything a man does is by definition done in order to increase his utility (as perceived in the situation). But the interpretation is not easily reconcilable with the ideas of socialization (p 22) and unconscious aspects of identity. Furthermore, in some cases individuals are given identities that may also come with negative utility; such as those who are "out of fashion" or those who are "nerds". In these situations actors' choices matter little, since they have not asked to become included in these identities. Such formations in which actors are given identities may either add utility or create negative utility. However, if we make a sociological interpretation of their work we essentially abandon the idea of economic man, because the "choices" are to be explained in terms of the structural condition of action.

There is another argument that suggests that they stand close to sociologists. Gary S. Becker has attempted to invade the neighboring disciplines, essentially by exporting the cost benefit calculation of utility to other areas of study, such as the family. But though Becker argued that everything is an economic calculation, which essentially reduced non-economic values to economic values, Akerlof and Kranton – who explicitly criticize Becker – are in line with one of the founding fathers of economics, Alfred Marshall, who argues that actors balance economic values with non economic values. They, so to speak, rediscover the progress that Alfred Marshall observed already in 1890, in the text *Some Aspects of Competition*, that "...the economist of to-day do go beyond those of earlier generations in believing that the desire of men for the approval of their own conscience and for the esteem of others is an economic force of the first order of importance..." (p. 285, in *Memorials of Alfred Marshall*, London: Macmillan and Co, edited by A.C. Pigou).

There are clearly many good things to be said about this book. In addition to the fact that the ideas are brought together in a systematic manner and an easily accessible language, the added explanatory power due to the numerous empirical examples of the book should be mentioned. They are also able to draw on a largely sociological literature on identity, which provide the theoretical arguments with empirical evidence that sometimes is glaringly absent in economic literature. I think, and hope, this book will cause a debate also among economists. Many sociologists will probably appreciate this work, and welcome this step taken in the direction of a sociological reasoning. The book by Akerlof and Kranton is advertized, and in my view rightly so, as a bridge between economics and other social sciences – let us see who dares to try it.