

Jens Beckert answers ten questions about economic sociology

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1. How did you get involved in economic sociology?

I started my undergraduate studies at the Freie Universität Berlin with a double major in sociology and business administration. Since I was studying both fields simultaneously I inevitably started thinking about the economy from a sociological perspective.

In the late 1980s the sociology department of the Freie Universität was still very influenced by Marxism. This gave me another reason to become interested in the subject field of the economy. I read quite a bit of Marx but I was actually more attracted by the Frankfurt School, which got me thinking about economic issues within the context of social theory.

Heiner Ganßmann was one of my teachers then, and it was through him that I became interested in the conceptualizations of the economy in modern sociological theory. I followed these interests as a graduate student at the New School for Social Research, too. At that time, the New School was one of the most intellectually stimulating places in the United States. I could study with scholars like Robert Heilbroner, Richard Bernstein, Eric Hobsbawm and Charles Tilly. It was also at the New School that I met Claus Offe, who was then a recurring

visiting professor. It was in conversations with him that I was first introduced to works in economic sociology from the US.

After going back to Germany to finish my graduate studies in business administration, I became much more interested in organization theory and I discovered the new institutionalism. At the same time I continued working in the field of social theory. Hans Joas had become a professor at the Freie Universität in 1990 and he offered me a junior position to write my dissertation. This gave me the opportunity to work on a theoretical dissertation under the supervision of one of the foremost contemporary social theorists. To work for almost a decade with Hans Joas was extremely important for me. Also my attention to the work of Émile Durkheim was sparked by Hans Joas.

My interest in American economic sociology and institutional organization theory made me aware of the Princeton sociology department. I got in contact with Paul DiMaggio and Viviana Zelizer, who invited me to come to Princeton for a year as a visiting fellow. The time in Princeton during the mid nineties was very exciting and very productive for me. I wrote large parts of my dissertation and also the article on uncertainty and economic sociology which was later published in *Theory and Society*.

By then I was working as much in the area of economic sociology as in the field of social theory. It is the interface between these two flds that I still find most exciting. Later I discovered the sociology of law as another fascinating field. Law has, of course, many connections to the economy. I conducted a comparative study on the historical development of inheritance law. This book has been published in German and will come out in English next year.

2. Could you name books or articles that have profoundly influenced your own thinking within economic sociology?

The sociological classics had the most profound influence on my thinking. Reading Durkheim and Weber is an incredible source of inspiration. This generation of sociologists has not been surpassed up to this day. Durkheim, Weber, Simmel and Marx were asking the important questions and had unbelievable intellectual capabilities to make sense of the economic and social transformations of their time. I believe that the power of their economic sociology derives from its connection to a theory of society. I also believe that their intellectual authority draws from linking their work to important normative questions and an inherent concern for social reform. This has been lost in most of today's work in the new economic sociology.

Among the works in the new economic sociology I could not single out two or three authors. I learned a lot from reading very broadly. Certainly the work of Paul DiMaggio and Neil Fligstein inspired me especially, as did other economic sociologists who provide analytical insights into the way social order is produced in the economy. Harrison White does this, and so does Joel Podolny. For a book or article to interest me, it has to have a theoretical payoff, too. The historical work done by scholars like Viviana Zelizer, Frank Dobbin or Bruce Carruthers has also been important for me. The strong historical orientation is undoubtedly a great strength of American economic sociology.

Besides these authors from the new economic sociology, I have been influenced by the analytical questions posed by the approaches in economics that depart from the heroic assumptions of general equilibrium analysis and bring in strategic agency, uncertainty, bounded rationality and information asymmetries. Economic sociology can learn a lot from the questions posed in these literatures, though not necessarily from the answers provided.

3. What do you consider to be the main current debates within the field?

There is, of course, a lot of attention currently on the performativity thesis. I believe that this is an important discussion with one very intriguing insight. Interest in the performativity thesis will decline again. What will remain, I believe, is the recognition that economic theory itself is one (!) cognitive frame actors are using to make sense of the complexity and uncertainty of decision situations in the economy. The performativity thesis will become an element of a larger sociological theory of the economy.

A second important debate I see is the one over the issue of value. One of the crucial contributions sociology can make to the understanding of the economy is to explain how it happens that actors attribute value to certain goods and services. Émile Durkheim has made an attempt to solve this issue by relating value to "social opinion." Georg Simmel has addressed this question, for instance, in his theory of fashion. Economists do not have much to say about preference formation. This is because you cannot understand value from an individualistic perspective and many aspects relevant for the valuation of goods originate outside the economic sphere. Value is in most markets genuinely social in character. I read the recent dissertation by Özgecan Koçak on this issue with great interest but also the work by Michel Callon, Charles W. Smith, Joel Podolny, Olav Velthuis and Patrik Aspers. Work on the question of value brings economic sociology closer to issues of consumption, i.e. the demand side of the economy. This has been underemphasized so far. The investigation of financial markets can also find an important starting point in questions of valuation.

Another fascinating field that is opening up is the investigation of the rapidly unfolding Asian economies, especially in India and China. What kind of capitalism is developing in these countries and what does it mean that these modern capitalisms are developing outside the cultural bedrock of the West? Those are captivating questions that directly relate to the research program of Max Weber. Unfortunately there is much less interest in these issues in Europe than in the US.

A current strand of economic sociology that seems important to me from a more theoretical perspective is

the role of emotions in economic decision making. Paul DiMaggio but also Jocelyn Pixley, and Mabel Berezin, among others, have written about this. I encountered this topic myself through my interest in trust and uncertainty. It seems quite clear that many decisions with uncertain outcomes would not be made without strong emotional involvement. The “animal spirits” (Keynes) of entrepreneurs contribute to the fact that market economies don’t implode into inactivity because of highly uncertain outcomes of decisions. The task, however, is to think of a *sociological* theory of emotions in the economy.

Finally I am very much intrigued by the current American debate on the public relevance of economic sociology. If taken seriously, this debate should reshape much of the new economic sociology that has developed since the 1980s.

4. What are research topics within economic sociology that have so far been neglected?

Sociology was established as an academic field in the late nineteenth and early twentieth centuries in reaction to the profound processes of transformation occurring at the time. The classics were searching for the analytical tools to understand this transformation and to assess its implication for social integration. They became interested in the economy from exactly this perspective. This holds also true for the later generation of Karl Polanyi and in a more qualified sense also for Talcott Parsons.

This perspective, however, has largely vanished in the new economic sociology. Instead, interest focuses on the economy in a much narrower sense. Questions referring to macro-social changes and the implications of the organization of the economy for social developments at large play a limited role. I believe that this situation cannot be maintained for very long. At one point economic sociology must explain why it matters, and it won’t suffice to point to the superior understanding of economic phenomena by applying sociological tools.

In my opinion, economic sociology can matter in two ways: First it can attempt to provide tools for a more efficient organization of the economy and economic

decision making by recommending institutional designs and network structures that are considered to lead to superior economic outcomes. I can see that findings from network analysis and institutional analysis do allow for such recommendations at least in some areas. Second it can matter by addressing not only issues of economic efficiency but also of social order and equity. This is certainly what would come closer to the classical heritage of economic sociology. This would, however, presuppose including the societal perspective in a bigger way and asking about the role of the economy for social development at large. Economic sociology would become part of social theory again.

This would inevitably lead to a reconnection of economic sociology to the core questions of macro-sociology and would make it possible to connect the micro-sociological insights of the new economic sociology with macro-sociological concerns for distributional outcomes and the effects the economy has on people’s lives. This way economic sociology would become politically relevant beyond the efficiency perspective because it would show normatively informed alternatives for the organization of the economy based on a profound knowledge of the actual working of markets and other economic institutions.

This would also allow for a much closer collaboration with scholars working in the field of political economy. Political scientists explain the institutions governing the economy primarily based on the power relations and institutional logics operating in the political system. This is not part of economic sociology. But economic sociology can empirically understand the workings of the politically designed institutions in the economy itself. And it can show that formal institutions are but *one* important element explaining economic outcomes.

On a different plane I sense that there is a striking absence of a theory of money in the new economic sociology. For Marx, but also for Weber money played an important role in their theories of capitalism. In a limited way this holds also true for the social theories of Parsons and Luhmann. There are, of course, economic sociologists like Eric Helleiner and Geoffrey Ingham who did excellent work on this topic. But this literature is disjointed from the literature on markets which is at the heart of the new economic sociology. Both literatures should be better integrated. Money is crucial for the explanation of market dynamics beyond individual ac-

tion motives, and it is a crucial device for the reduction of complexity in markets. In Germany Christoph Deutschmann, Axel Paul, and Heiner Ganßmann have worked on this. Since much of this work is in German it has not found the international resonance it deserves.

5. You have written extensively in the past on embeddedness. Should that term still be a key term to economic sociologists, as it used to be ten years ago, or has the term started to show some strains?

It is clear that the term embeddedness is problematic for its illusiveness. It is not a concept that leads directly to the operationalization of the research process. Economic sociologists mean very different things when they refer to this concept. At the same time “embeddedness” expresses the basic starting point of what constitutes a sociological approach to the economy. The point is that we can only understand individual economic action by investigating the social context in which this action takes place. This is, of course, also the starting point of sociology itself. Embeddedness leads directly to fundamental problems of social theory, especially the relationship between structure and agency. Moreover it indicates the need for an action theory different from rational actor theory because the constitution of interests and preferences cannot be explained in purely individualistic terms.

We might come up with other terms to express this basic point but I would not see an advantage in this. What seems necessary to me is to detach “embeddedness” from a narrow focus on social structure which derives from Mark Granovetter’s use of the term in his 1985 article. A comprehensive heuristic was suggested in 1990 by Sharon Zukin and Paul DiMaggio in their introduction to the book “Structures of Capital.” This heuristic I find quite satisfying. One might find different names for the four different kinds of embeddedness, and one can argue that this heuristic is still incomplete or lacks precision. To the latter point I would respond that all interesting concepts in the social sciences share the fact that they are elusive and open to interpretation. This holds true for Max Weber’s concept of rationality as much as for Durkheim’s concept of solidarity or Marx’ notion of capital.

One aspect that I am dissatisfied with is the specific narrowness that characterizes the way the concept of embeddedness is used in the new economic sociology. For Polanyi, embeddedness was a concept critically directed against the liberal market model. It pointed to the need for regulative intervention into the market to compensate for socially problematic effects of the market system. In the new economic sociology, the concept focuses on the social structures of markets without addressing their consequences for society at large, including their effects on social order, justice, and equality. It is from these consequences that Polanyi derived the need for political intervention into markets. This has gotten lost in the way the notion of embeddedness is applied in the new economic sociology. In this sense the new economic sociology does not take up the challenge posed by Karl Polanyi.

Just as a side remark: Few people know that the term embeddedness does not derive from Karl Polanyi, but that it actually comes from an earlier source: the German anthropologist Richard Thurnwald who uses it in his book *Die menschliche Gesellschaft*, published in 1932.

6. What do you see as the main differences between economic sociology in Europe and in the United States?

There is little doubt that in the United States the new economic sociology is much more strongly institutionalized as a subfield of sociology than it is in any European country. I would say that the new economic sociology in Germany is roughly where American economic sociology was fifteen years ago. The differences, however, might be described inadequately if seen only quantitatively.

In terms of approaches, network analysis is less prominent in Europe than in the US. The institutionalism developing in Europe is different from institutionalism in the US, primarily because it focuses more on heterogeneity and the role of agency. There is also a broader difference, however. It seems to me that US economic sociology is largely detached from economic or social policy. It is addressing academic or scientific issues but not socio-economic problems. To the extent it is addressing such problems, these are rather related to

efficiency concerns of the economic system or profit opportunities of actors. The work of Ronald Burt might be the best example for this. The reason for this could be the professionalization of American sociology, creating in effect what Niklas Luhmann would have called an autopoietic system, and the strong anchoring of American economic sociology in business schools. The current debate on increasing the public visibility of economic sociology that is taking place within the ASA section shows dissatisfaction with this situation.

7. Which countries/cities/universities do you consider to be contemporary strongholds for economic sociology in Europe?

Within Europe I see the most interest in economic sociology in France. From the papers I am reading and conference announcements I am seeing, it seems to me that there is a strong interest in France to learn about American economic sociology. At the same time, there are important indigenous traditions in France. By this I mean work based on the theory of Pierre Bourdieu, work growing out of actor-network theory, new fields of interest within the regulation school, and the conventions school. One should pay close attention to this work coming out of France.

In other European countries this take-off has not taken place yet. In Germany interest in the new economic sociology is clearly visible but institutionally very dispersed. Interest is growing especially among younger sociologists. The Max Planck Institute is an important resource to develop the field in years to come. One strong field in German economic sociology has undoubtedly been the sociology of money and social studies of finance. In other countries I also see strengths in certain subfields: the sociology of accounting and social studies of finance in Great Britain, institutional organization theory in Denmark and Sweden, and a connection between economic sociology and political economy in Italy.

8. What are your future plans with the Max Planck Institute in this respect?

I am currently in the process of building up a research group at the Max Planck Institute. Senior researchers'

projects focus on the sociology of markets. Patrik Aspers is writing a book on the order of markets, based on his empirical research in the global garment industry. Guido Möllering is working on a project on the emergence of markets, focusing on the role of collective institutional entrepreneurship in market constitution. Geny Piotti is investigating the consequences for German firms that are relocating their production to low labor cost countries and are thereby disembedded from the market relations they are accustomed to. Stefanie Hiß is investigating the development of criteria of creditworthiness established by rating agencies. More projects will be added to this over time. In addition, we have started an international Ph.D. program on "The Social and Political Constitution of the Economy."

More generally Wolfgang Streeck and I are following a research program that is intended to bring economic sociology and political economy in closer interaction with each other. Both approaches are investigating the same social field but do so without much contact to each other. This is a mistake because they can reciprocally learn from each other and might find solutions to important blind spots in their own approach in the literature of the other field. Economic sociology is much weaker on the macro side compared to political economy, especially in understanding the role of the state and social power in structuring economic relations. On the other hand, political economy is missing a micro-foundation that goes beyond rational choice models. An alternative micro-foundation is needed to explain, for instance, processes of preference formation or the role of cultural scripts in decision making. We see a large potential for synergies here.

9. What will your own research be focusing on at the Max Planck Institute?

My main current project is to write a monograph which aims at a sociological theory of the economy, proceeding from the problem of the establishment of order in markets. This book builds on my monograph *Beyond the Market*, but develops arguments that do not involve the detailed discussion of other authors. Since setting up the research group at the Max Planck Institute and serving as the Institute's managing director are quite time consuming, it will take some time before this book is finished.

I am also currently working with Mark Lutter on a project on lottery markets in Germany. The basic question here is how one can explain the large demand for a good with expected negative monetary utility. Results of the project should also help explain demand on other markets.

10. Is it important for you to establish dialogue with economists, and if so, what are feasible strategies to accomplish that?

I believe that it is very important to be in contact with economics. This discipline is rapidly changing, and it is increasingly addressing concerns that economic sociologists are working on as well. This holds true, of course, for the focus on institutions, but also for the attempt to bring culture into economic models and to change the action-theoretic model of *homo economicus* based on insights from cognitive psychology. To be relevant, economic sociologists must be able to state what they add to the understanding of the economy once economics weighs in on questions that it ignored for large parts of the twentieth century. That economists ignored these questions was one rationale for the emergence of the new economic sociology. There will be increasing competition because both disciplines are dealing with very similar issues. Economic sociologists must make clear what they contribute to the solution of economic problems beyond a mere academic interest. Reading economics might help to clarify these questions.