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STATE, MARKET, AND GLOBAL POLITICAL ECONOMY: GENEALOGY OF AN (INTER-?) DISCIPLINE¹

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Introduction

If one may for a moment commit the error of anthropomorphizing a scholarly discipline which is diverse and fragmented, International Political Economy (IPE) has often had trouble making up its mind whether it is a sub-field of International Relations, or whether it is something broader and more inclusive: sub-field *versus* inter-discipline? Should it focus on the special nature of the system of states, along the lines of more traditional international relations,² or should it develop its roots in the intellectual movements which emerged as classical/radical political economy, in turn developing branches across a broad range of social science traditions?

This schizoid nature of the discipline is not surprising. This problem is similar to those which face scholars of the emerging discipline of economic sociology – the need: a) to establish theoretical and methodological orientation and, b) to define their relationship to related fields of economics, sociology, and political science. Over time, IPE scholars have hailed from a wide variety of backgrounds. While many have emerged as dissenters (to a greater or lesser degree) to traditional, state- and security-centric international relations,³ this is not necessarily the dominant background of scholars in the field. Many who have contributed to the emergence of IPE have come from comparative politics or political economy, recognising that as the global system became more integrated and interdependence increasingly a feature of relations among states, national systems could not longer be considered on their own.⁴ Still others hailed from economics, including the pioneering and much missed Susan Strange, recognising the need for insights from both international relations/political science and

¹ This article is a condensed version of one of the same title which appeared in *International Affairs*, vol. 76/4, October 2000, pp. 805-824.

² In the vein of Hans Morgenthau, *Politics among Nations: the struggle for power and peace* (New York: Alfred A Knopf, 1956), or Kenneth Waltz, *Theory of International Relations* (Reading, Mass.: Addison-Wesley 1979), or Stephen Krasner, 'International Political Economy: Abiding Discord' in *Review of International Political Economy*, vol. 1/1, Spring 1994: 13-28.

³ Examples include Robert Keohane and Joseph Nye, or James Rosenau in his more 'IPE mode.'

⁴ Examples would include Peter J. Katzenstein and Peter Gourevitch, who have both long been associated with one of the most important the journals in the field, *International Organization*.

international economics to be brought together in a social science synthesis,⁵ or from economic history, such as Charles Kindleberger.⁶ Still others emerged from the world of international organisations, turning practical insight to innovative theoretical contributions.⁷ In addition, IPE scholars have covered an extraordinary range of subjects in the global system, from regional or country focus to north-south issues, from particular policy issues/sectors to specific social groups.

What holds the field together amidst such diversity is a few shared conceptual assumptions: i) that the political and economic domains cannot be separated in any real sense, and even doing so for analytical purposes has its perils; ii). political interaction is one of the principal means through which the economic structures of the market are established and in turn transformed; and iii). that there is an intimate connection between the domestic and international levels of analysis, and that the two cannot meaningfully be separated off from one another.⁸ This leaves room for considerable disciplinary ecumenism and an innovative willingness to draw insights from fields as diverse as the scholarly backgrounds of the IPE pioneers themselves.

This article will argue that this diversity of origin and of analytical approach militates strongly towards interpreting IPE not as an off-shoot of traditional International Relations, but as rooted in the broad tradition of political economy which emerged in the European enlightenment. The field has outgrown IR and should not feel constrained by the debates which have framed state- and security-centric IR scholarship in the post-war period. In time, IR will come to IPE as a more comprehensive approach to understanding world order, not the other way around, especially as IR itself is forced to come to terms with the world post-Cold War.⁹ The article will begin by summarising the emergence of IPE in its contemporary context, demonstrating in the process that IPE has emerged in a far from coherent fashion, though this diversity and ecumenism is not to be deplored. The second section will go on to briefly discuss the ‘state-of-the art’ of the field, and then to argue that the core conceptual issue in IPE remains the nature of the state-market relationship, and that further conceptual work is required. The way we view this relationship has a considerable impact on how one understands prospects for change in the structures – the normative and material underpinnings – of world order. IPE remains based on the premise that the dynamics of state and market are interdependent, intertwined. The article argues that most IPE scholars, despite their protestations, still see the state and the market as separate and indeed antagonistic dynamics, the dynamics of state *versus* market. Scholars need to take a final a decisive step in accepting that, in empirical and conceptual terms, the state and the market are part of the same, integrated system of governance: a state-market condominium. This state-market condominium operates simultaneously through the competitive pressures of the market and the political processes which shape the boundaries and structures within which that competition (or lack thereof) takes place.

⁵ Her clarion call came in Susan Strange, ‘International Economics and International Relations: a case of mutual neglect,’ *International Affairs*, volume 46/2 (April 1970), 304-315.

⁶ Whom Susan Strange always regarded as the founder of contemporary IPE and whose hegemonic stability hypothesis (in *The World in Depression 1929-39* (Berkeley: University of California Press, 1973) had enormous influence on the discipline as it developed.

⁷ Robert Cox clearly fits this category – see discussion below.

⁸ Geoffrey R.D. Underhill, ‘Conceptualizing the Changing Global Order,’ in R. Stubbs and G. Underhill (eds.) *Political Economy and the Changing Global Order* (second edition), (Oxford: Oxford University Press, 2000): 4-5.

⁹ See *The Interregnum: Controversies in World Politics 1989-1999*, special issue of *Review of International Studies*, ed. M. Cox, K. Booth, and T. Dunne, vol. 25, December 1999.

Emergence of Contemporary International Political Economy: a Tale of Ecumenism and Diversity

The beginning was a revival. During the 1960s, a range of scholars in IR and foreign policy analysis (not to exclude other branches of political science) began to consider the observable fact of *interdependence* and what it meant for our understanding of the world around us. Increasingly, foreign affairs would not be understood on their own, but in relation to the tensions between domestic considerations and relations with other states and their own domestic dynamics. The otherwise rigid division between the international domain, international politics as politics among states, gave way to a blurring of the levels of analysis distinction in the work of a range of scholars. To this end, James Rosenau produced *Linkage Politics*, having examined in his earlier work the various domestic influences on the formulation of American foreign policy.¹⁰

This merged into a debate about ‘transnational relations,’ wherein *international* was placed in opposition to the more sophisticated concept of *transnational* relationships. While *international* was taken to denote relations of state to state, *transnational* politics involved relationships which cut across the domestic-international divide but need not necessarily involve states, but would include their activities as well. Interdependence among states and their societies¹¹ was central to this debate, and transnational relations involved a wider range of actors than feature in traditional IR: both non-state and sub-state actors, including private actors and official institutions of more less formal nature.

The bag was open – such concepts represented a serious challenge to the traditional contention that world politics was about what states-as-units did, and greatly expanded the empirical terrain on which the nascent IPE would operate. One should note an important point, however. There was always division on how far one should go in this direction, especially as established disciplines did not always welcome scholars hailing the newness of IPE. Were ‘interdependence’ and ‘transnational relations’ primarily about what states did, with the influence of a few sub- and non-state (but nonetheless essentially official) actors like international organisations thrown in, or was it about a more radical conceptual departure from traditional IR scholarship, to include a wider range of issues and actors, including those with nothing to do with formal government? The difference is well represented by two special issues of prominent journals on transnational relations: the 1971 issue of *International Organization* edited by Keohane and Nye, and the issue of *International Affairs* edited by Susan Strange in 1976.¹² These two special issues laid out an important division in the discipline which still remains. The dispute has yet to be settled: are we studying the ways in which economic and political factors in the international system affect each other in an ongoing fashion, or are we seeking to explain the ways in which underlying social structures and relationships, among a range of actors and institutions, generate the patterns of institutionalised and other aspects of political authority in a transnational world? As Strange

¹⁰ James N. Rosenau (ed.) *Linkage Politics: Essays on the Convergence of National and International Systems* (New York: Free Press, 1969); *Domestic Sources of Foreign Policy* (New York: Free Press 1967); *Public Opinion and Foreign Policy: an operational framework* (New York: Random House, 1961).

¹¹ Robert O. Keohane and Joseph Nye, *Power and Interdependence: World Politics in Transition* (Boston: Little Brown, 1977): 8-11.

¹² Robert O. Keohane and Joseph Nye (eds.), *Transnational Relations and World Politics*, special issue of *International Organization*, vol. XXV, summer 1971; Susan Strange (ed.), ‘Transnational Relations,’ special section of *International Affairs*, vol. 52/3, July 1976.

might have put it, ‘politics of international economic relations,’ or ‘transnational *political economy*’?

There were also disputes about basic assumptions of agency and method. One trend was the application of methodologically individualist rational choice to IPE.¹³ These more formal and quantitative rational choice contributions under the ‘positive political economy’ label represent a growing direct overlap of neo-classical economics and IPE.¹⁴ Meanwhile, the world economy was undergoing rapid change from the early 1960s, leaving room for other research methodologies. International trade was developing rapidly, and (in particular US) corporations were spreading throughout the world. The rise of the Euro-markets signalled a transformation of the financial system, and the 1970s proved to be a decade of economic turmoil, of oil politics, and of developing country challenges to the structures of the global political economy. This process of economic transformation had a clear international politics dimension to it – trade policies had always been highly charged politically, both *within* and *among* states in the system, and the emerging strains in the international monetary system likewise proved politically controversial. This was fertile ground for a series of major and interdisciplinary research projects on the political economy of trade and monetary relationships among states and their societies.¹⁵

Further contributions to the debate on interdependence came from comparative political economists¹⁶ as European and other regional integration projects accelerated.¹⁷ It was increasingly difficult to remain a country specialist without absorbing the impact of structural changes in the global economy – the debates about corporatism and the role of organised interests were forced to ‘go global.’¹⁸ IPE and comparative political economy needed each other as much as ever, though this was not of course universally accepted.

So far I have entirely neglected the radical tradition in international political economy, the better to deal with it now. The Marxist tradition of political economy has never undergone the bifurcation of ‘orthodox’ political science and economics. In other words, radical political economy has provided some of the most fruitful ground for advancing the cause of IPE. Indeed, over time the radical and the ‘orthodox’ have moved closer together – we are all ‘marxian’ (small ‘m’) in one way or another as we argue about the impact of economic structure and problems of inequality in this period of global economic integration.

Perhaps the most obvious of the long-standing radical contributions to IPE is the contribution of dependency theorists, in the sense that north-south relationships are by definition global in scope. Dependency theory was critical of Marxist work while drawing heavily upon it, emphasising the uneven development and inequalities of capitalist system. Dependency

¹³ Robert Axelrod, *The Evolution of Co-operation* (New York: Basic Books, 1984); Robert O. Keohane, *After Hegemony: co-operation and discord in the world political economy* (Princeton, NJ: Princeton University Press, 1984); M. Olson, *The Rise and Decline of Nations*, (New Haven: Yale University Press, 1982).

¹⁴ J. Alt and K. Schepsle, *Perspectives on Positive Political Economy* (Cambridge: Cambridge University Press, 1990).

¹⁵ See A. Shonfield, V. Curzon et. al., *Politics and Trade* (vol. 1) and Susan Strange, *International Monetary Relations*, (vol. 2) of *International Economic Relations of the Western World 1959-1971*, A. Shonfield (ed.), (Oxford: Oxford University Press, 1976).

¹⁶ See respectively Peter J. Katzenstein (ed.), *Between Power and Plenty: foreign economic policies of advanced industrial states*, (Madison: University of Wisconsin Press, 1978); Peter Gourevitch, ‘The Second Image Reversed: the International Sources of Domestic Politics,’ *International Organization*, vol. 32/4 (Autumn 1978): 881-911; *Politics in Hard Times* (Ithaca: Cornell University Press, 1986), and J. Zysman, *Governments, Markets, and Growth* (Ithaca: Cornell University Press, 1983).

¹⁷ See Helge Hveem, ‘Explaining the Regional Phenomenon in an Era of Globalization,’ in Stubbs and Underhill (eds. 2000), op. cit.: 70-81.

¹⁸ See Justin Greenwood and Henry Jacek (eds.), *Organized Business and the New Global Order*, (London: Routledge, 2000).

theories were often genuinely systemic in their approach, lending themselves to international relations though seldom finding favour with the mainstream discipline. The insights of dependency theorists concerning uneven development and inequality have been difficult to ignore, and despite ongoing discomfort the mainstream has increasingly accepted some of the basic observations of dependency theorists.

Some radical political economists have found their way closer to the mainstream discipline. Fred Block's analysis of post-war international monetary relations remains as useful today as when originally written in the turbulent 1970s.¹⁹ More recently, Robert Cox was the author of an important innovation with an approach which bridged international relations/international political economy and the domestic level of analysis in important respects. His 'neo-Gramscian' approach,²⁰ resolutely post-structuralist in its theory, has been embraced in whole or in part by a sizeable proportion of IPE specialists. It provides a flexible set of intellectual devices which help one grasp the relationship between economic structures and political interaction, at the heart of the market-authority relationship to which Susan Strange constantly drew attention. Cox also served to remind one of the importance of linking IPE to its historical roots as he drew heavily on Marx, Gramsci and Karl Polanyi (as had others), and other disciplines, particularly history as represented by Fernand Braudel. While Cox (like dependency theorists) focused more on inequalities and class in the global system, his conceptual devices cross levels of analysis and admit the relevance of a wide range of public and private actors and, crucially, the *relationships* among them in a pattern of global governance. The emphasis on the transnationalisation of class and (related) corporate power was also developed by Kees van der Pijl and the 'Amsterdam School',²¹ as well as scholars such as Stephen Gill at York University in Canada.²²

Similar to wider developments in the social sciences, 'new' issues have made their way onto the IPE agenda. Of particular note is the rise of feminist scholarship and work on the environment – heralding feminist and 'green' approaches to IPE.²³ As with many questions in IPE, the normative content of these debates is important, indeed central. Different perspectives and scholars emphasise different aspects of the normative agenda, and much of the underlying debate is ultimately about values, not simply analysis and research tools.²⁴

¹⁹ Fred Block, *The Origins of International Economic Disorder* (Berkeley: University of California Press, 1977).

²⁰ See Robert W. Cox (with T. Sinclair), *Approaches to World Order*, (Cambridge: Cambridge University Press, 1996); *Production, Power, and World Order* (New York: Columbia University Press, 1987).

²¹ See the widely cited Kees van der Pijl, *The Making of the Atlantic Ruling Class* (London: Verso, 1984), and more recently, *Transnational Classes and International Relations* (London: Routledge, 1998).

²² Stephen Gill (ed.), *Gramsci, Historical Materialism, and International Relations*, (Cambridge: Cambridge University Press, 1993).

²³ See Sandra Whitworth, 'Gender and International Political Economy,' in R. Stubbs and G. Underhill (eds.) *Political Economy and the Changing Global Order*, first edition, (London: Macmillan, 1994): 116-129, and the same author's article 'Theory and Exclusion: gender, masculinity, and international political economy' in Stubbs and Underhill, *Political Economy*, second edition, op. cit. (2000), 91-101. Other recent works in the veritable explosion of feminist writings on the global political economy include Marianne Marchand and Jane Parpart, *Feminism/Postmodernism/Development* (London: Routledge, 1995); V. Spike Peterson and Anne Sisson Runyan, *Global Gender Issues* (second edition) (Boulder: Westview Press, 1999). On green approaches, see Eric Helleiner, 'IPE and the Greens,' in *New Political Economy*, vol. 1/1, 1996: 59-77.

²⁴ See chapter one of Susan Strange, *States and Markets* (Oxford: Blackwell, 1988).

Core Questions/Diversity of Response: IPE in the New Millennium

To summarise the previous section, the more the state-market relationship was explored, the more the traditional analytical assumptions of orthodox economics and political science/international relations could be questioned. The empirical examination of social and economic interdependence across political boundaries threw into question the levels of analysis assumptions of comparative politics and international relations. What is the respective role of international versus domestic constraints, and how are they linked as the world becomes more transnational in nature? What role for structure versus agency in this process of transformation?

In other words, emergence of IPE was a re-awakening and re-linking of the study of ‘things international’ with the broad tradition of social science scholarship from the French Physiocrats onwards, via Smith, Marx, Keynes, Polanyi, and the pioneers of the contemporary period. It came into its own as a diverse, open, and contentious subject field well-rooted in the broader concerns of social science and drawing on a considerable range of disciplines and conceptual devices/traditions. The ecumenism of IPE is welcome and will aid, rather than hinder, successful understanding of the complex world around us, as it has always done in pursuits of the human mind. Over time the field has become characterised by a concern with how the pieces of the global puzzle fit together: the social, the normative, the formal and institutionalised, the public and the private, the local and the global. This leaves considerable room for specialised research and investigation (one might say, *requires* it), but requires a broad understanding of the nature of political authority in a variety of settings.

Something, however, is needed to give focus to the empirical and conceptual diversity. It was argued in the Introduction that a core set of concerns *does* frame the debate and hold the enterprise more or less together, and that these grew out of the revival of IPE from the 1960s onwards. To remind the reader, these core assumptions were: i) that the political and economic domains cannot be separated in any real sense, and even doing so for analytical purposes has its perils; ii). political interaction is one of the principal means through which the economic structures of the market are established and in turn transformed; and iii). that there is an intimate connection between the domestic and international levels of analysis, and that the two cannot meaningfully be separated off from one another. These assumptions derive from the roots of the field in classical and radical political economy, and from the challenge issued to economics and IR/political science by IPE scholars.

But what do these core assumptions imply in terms of questions to structure enquiry? Given my arguments about roots, we might look (unexpectedly for some) to Adam Smith for guidance.²⁵ He sought to explore the considerable tension between the pursuit of narrow self-interest and the public good. His core question was, how might this tension be resolved? One might not agree with his market prescription, but this central issue is useful for us concerning the contemporary global market: what ought to be the public good in terms of the wider process of governance? Whose interests do and should prevail in the various tiers of institutions and less formal arrangements which constitute global governance? What is the relationship between economic structures and political authority (loosely defined) in the ongoing and accelerating process of global change?²⁶

²⁵ On Smith’s contribution to political economy, see: Andrew Skinner, ‘Introduction’ to Adam Smith, *The Wealth of Nations*, (London: Penguin, 1970); Robert Heilbroner, (ed.), *The Essential Adam Smith* (Oxford: Oxford University Press). The points under discussion here draw on an earlier article, Geoffrey R.D. Underhill, ‘The Public Good versus Private Interests in the Global Monetary and Financial System,’ *International and Comparative Corporate Law Journal*, volume 2, no. 3, 2000: pp. 335-359.

²⁶ Once again, the point Susan Strange made so long ago in ‘The Study of Transnational Relations,’ *op. cit.*, 1976.

This question is central because it encapsulates what the field has come to be about in all its diversity. It brings together debates about actors, structure and agency, about the nature of the domestic-international relationship, and about which issues should be on the research and policy agendas. And the core institution of political authority remains the state, however embattled, embedded as it is in the fabric of the global and the local. What do we think a state is, what do we think a market is, and how, if at all, are they/should they be related? Even if one focuses on formal patterns of political authority, in particular the state, one should be drawn to investigate how it is situated in the wider (increasingly transnational) social context, how public and private interact, how the politics and markets interact. This leaves ample room for normative concerns such as who should get what and how, the appropriate nature of governance, and guidance as to how we might improve the global order.

If the relationship between political authority and markets is the core question, then the discipline must move beyond mere invocation in terms of dealing with it. For too long, scholars have either merely invoked the interrelationship in terms of mutual effects, or assumed it. Either way, the relationship has not been adequately conceptualised. This is important, because the way we conceptualise political authority, the market, and their relationship affects how we respond to them, what we can do with them in terms of policy both within and beyond the context of state decision-making. It affects how we can change global order, and for what purposes.

The problem is as follows. If most IPE literature insists that political authority and markets are interdependent and cannot be considered in analytical isolation one from the other, the relationship is usually portrayed as one of interdependent antagonism. Political logic, particularly the logic of states, pulls in one direction. Economic logic, the logic of the markets, pulls in another. Political expediency or legitimacy may be invoked to override market forces, or market forces may defeat attempts at political definition of outcome, but either way, states and markets exist in antipathy to each other.

Over time, specific approaches to IPE have characterised the state-market relationship in different ways. One may start with the relative polarisation of liberal versus realist thought on the question of transnational integration and its effects on the state. Transnational integration dominated by market processes is often seen by economic liberals as an ideal state of affairs²⁷ in which there would be an end to the interference of the sectional interests which characterise most forms political interaction, and the states of the international system in particular. This view is of course underpinned by the usually implicit assumption that states and markets are antithetical organising principles: hierarchy, power, and coercion *versus* decentralisation, spontaneous interaction, and liberty. The other side of the debate most typically starts from realist principles in international relations theory and IPE, underpinned by a corresponding (but often more explicit) assumption that the economic and political domains are again separate entities. Here the argument is that politics and 'national interests' will, in the nature of things, dominate economic processes, particularly in the international domain.²⁸

It is not surprising that a lively debate exists which pits the tradition of political realism against the "globalisers" of liberal-idealist heritage. It is a continuation of the realist-idealist controversy which goes back to the inter-war period and beyond. Radicals, with their roots in

²⁷ Cerny discusses globalisation as an ideal-typical discourse in P.G. Cerny, "Globalisation and Other Stories: the Search for a New Paradigm for International Relations," in *International Journal*, vol. LI/4, Autumn 1996, p. 625.

²⁸ Ethan B. Kapstein, in *Governing the Global Economy: International Finance and the State* (Cambridge, MA: Harvard University Press, 1994), has argued that states are still very much in control of the process of global financial integration, working through the co-operative regulatory and supervisory processes of the Basle Committee on Banking Supervision, among others.

the marxian critique of classical political economy, have long resisted both positions in this polarised debate, situating both state and market institutions in the context of the historical emergence of capitalist social structures. The economic and political domains are part of an integrated whole, but the laws of motion of the economic system ultimately determine the outcome in terms of political institutions and policies. This is a problem which the post-structuralist neo-Gramscian school has worked hard to overcome as, in Gramsci's footsteps, they sought to re-emphasise the importance of political agency. Nonetheless, the general criticism of the marxian tradition stands: there is a failure to explain conceptually how the economic structures themselves 'originate, change, work, and reproduce themselves.'²⁹

A number of IPE scholars have attempted to get around the problems of these three approaches. They focused typically on the interaction and interdependence of states and markets over time, thus fulfilling the aspiration of IPE as a discipline to insist that the political and economic domains could not be considered separately. Nonetheless, most once again characterised this interaction of states and markets as a sort of tug-of-war between market forces and state attempts to control or direct them.³⁰ It was still a matter of the parts interacting, but not an integrated political economy approach as such. If we really do have a *political economy*, we must demonstrate, empirically and conceptually, how the whole is greater than the sum of its parts, *how* states and markets are integral to each other in the process of governance. If not, as shall be seen, it is impossible to resolve the argument about whether states or markets are really in control, and to explain why both states and markets appear so different today relative to three decades ago.

Perhaps the best known and most insistent on the point was Susan Strange – she was a 'states and markets' scholar, as I have argued elsewhere.³¹ Yet even Strange was strong on invocation of the state-market relationship, and relatively short on theoretical explanation. She too invoked the epic struggle between states and markets, arguing that the latter were winning in the contemporary period of transnational integration. This yielded a 'retreat of the state' in the face of market ascendancy,³² largely self-induced, with grave dangers for the legitimacy and functioning of the global system. Yet we need to take our Polanyi³³ and the notion of political economy seriously: he argues that the market makes no sense without the state, that indeed the market was structured and enforced by the state. The idea of a separate economic domain without politics was a stark utopia which failed, resulting in surely the greatest human tragedy of the modern period, the depression and the Second World War. Here once again we are on shared ground with economic sociologists, who likewise focus on the complex mix of what we analytically distinguish as political, economic, and underlying sociological phenomena.

²⁹ P.G. Cerny, *The Changing Architecture of Politics: Structure, Agency, and the Future of the State*, (London: Sage 1990), p. 15.

³⁰ See for example Robert Gilpin, *The Political Economy of International Relations*, (Princeton, NJ: Princeton University Press, 1986); Herman M. Schwarz, *States versus Markets: History, Geography, and the Development of the International Political Economy* (London: Macmillan, 1994), which is particularly useful for putting contemporary developments in historical perspective; and Robert Boyer and Daniel Drache, *States against Markets: the Limits of Globalization* (London: Routledge 1996). It is in fact a small step from Schwarz and from some of the contributions in the Boyer and Drache volume to the position argued in this paper, particularly where they draw on the works of Harold Innis and Karl Polanyi.

³¹ In G. Underhill, 'Global Money and the Decline of State Power,' in A. Verdun, T. Lawton, and J. Rosenau (eds.), *Strange Power: Shaping the Parameters of International Relations and International Political Economy* (Aldershot: Ashgate, 2000): 126. The discussion here draws on this article, pp. 126-132, and also on G. Underhill, 'Conceptualizing the Changing Global Order,' op. cit.: 16-19.

³² Susan Strange, *The Retreat of the State: the diffusion of power in the world economy* (Cambridge: Cambridge University Press, 1996).

³³ Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1944).

Somehow we need to conceptualise how states are embedded in wider, increasingly transnational social structures; how key socio-economic constituencies of non-state actors are integrated into the institutional processes of states; how the agency of these constituencies, mediated by state institutions, are central to the process of global economic transformation and to the terms of competition among market agents. The claim is that the political economy is something greater than the sum of the state-market parts.

This means that there is still one more and crucial conceptual step to take in order to move beyond the tug-of-war position of state-market dichotomy. The concept of states and markets as separate entities is an often useful abstraction, but we need to remind ourselves that states and markets are not separate *things* as such. They are part of the same integrated ensemble of governance, a state-market *condominium*, and should be thought of as such. The regulatory and policy-making institutions of the state are one element of the market, one set of institutions, through which the overall process of governance operates. The structures of the market are constituted as much and simultaneously by the political processes of the state and the political resources of the various constituencies involved in the policy process as by the process of economic competition itself; likewise the political and regulatory process is as much part of the strategies of firms as the game of investment and marketing.³⁴ The preferences of market agents and other constituencies of market society are integrated into the institutions of the state through policy and regulatory processes at domestic and international levels of analysis, depending on their individual organisational capacities/coherence, and of course power. The incentives and constraints of state policy and regulation are in turn part of the landscape of firm decision-making, conferring advantages on some and costs on others just as some are more capable of affecting the policy outcome than others.

This can be demonstrated empirically through case material, whether it be on global financial markets or international trade.³⁵ The private interests of market agents are integrated into the state, asymmetrically in accordance with their structural power and organisational capacity, through their close relationship to state institutions in the policy decision-making process and in the ongoing pattern of regulatory governance of market society. This is particularly prevalent in financial market governance, affecting the terms of market entry, of competition, mode and nature of regulation, and level of openness to capital flows.³⁶ What we tend to consider state prerogatives are in turn often delegated to self-regulatory associations of private interests anyway, demonstrating that ‘public’ responsibilities can be exercised by private bodies in many instances, just as private interests can appropriate public institutions for their own particularistic purposes.

The adjustment process and structure of economic interaction in the political economy is managed simultaneously through the process of economic competition among firms on the one hand, and the policy and regulatory processes mediated by the institutions of the state, on the other. Market agents enhance or protect their position and prosperity by making simultaneous calculations through their business strategies, deploying their competitive resources, and through the deployment of their political resources in the policy processes of the state and in less formal institutional settings. This is clearly visible in corporatist systems

³⁴ G. Underhill, *Industrial Crisis and the Open Economy: politics, global trade, and the textile industry in the global economy* (London: Macmillan, 1998): 18-25; passim.

³⁵ Geoffrey R.D. Underhill, ‘Transnationalising the State in Global Financial Markets: Co-operative Regulatory Regimes, Domestic Political Authority, and Conceptual Models of the State,’ paper presented to the annual meetings of the European Consortium for Political Research, Bern, Switzerland, 27th February-4th March 1997, and Underhill, *Industrial Crisis*.

³⁶ See G. Underhill, ‘Private Markets and Public Responsibilities in a Global System: conflict and co-operation in transnational banking and securities regulation’ in Underhill (ed.), *The New World Order in International Finance* (London: Macmillan 1997): 17-49.

in western Europe, where even labour is integrated into both state policy processes and the strategic decision-making of firms, or in the close integration of private firms/associations into the system of bureaucratic management which characterises the economic development process in Japan and other parts of Asia. The point is less obvious to observers of Anglo-Saxon political economies where the independence of the private sector appears more marked than in other societies. But the considerable evidence of ‘regulatory capture’ of the agencies of governance in the US economy should indicate the need to avoid the stereotypes developed in particularly the economics literature. A market without institutions and governance, including some form of judicial authority or arbitration, is inconceivable. If we all admit that perfect competition is an abstraction from a messy, more prosaic reality of various forms of second best market-fixing, we can begin to see more clearly the reality of the political economy: if the state does not rig the market, private interests will. That the state exists in symbiosis with private interests explains how private interests are an integral part of the pattern of market governance even in so-called ‘strong state’ systems like France.³⁷

Of course this conceptualisation of states and markets appears counter-intuitive in our era of global integration increasingly dominated by private sector market processes. The case also appears difficult to support in view of the existence of multiple sovereignties in the global economy. Our contemporary experience of modern capitalism and the prevalence of economic modes of analysis engraves on our intellects the idea of the state-market dichotomy. Yet it is precisely against this sort of orthodoxy that IPE teaches us to rebel. Adam Smith is again useful here – he pointed out that the very public responsibilities of generating and distributing wealth are better accomplished through a free interaction of private economic agents.³⁸ This however does not render the economy any less political: one can delegate authority and decision-making power, but one cannot de-politicise the system as such. It remains an ensemble of governance.

There is also nothing surprising in the idea that a transnational market structure, or indeed any market, should have multiple institutional nodes exercising authority in different ways and even with different functions. There is nothing necessarily coherent about the institutions and preferences of the state in this regard, anymore than we would expect coherence across a system of multiple sovereignties. The federal state analogy is useful here. Therefore, we should not misconceive the identifiable institutional/organisational structures of the state as a separate phenomenon external to the dynamics of the market. The phenomenon of multiple sovereignties does not detract from this view – it simply means that the market is structured by multiple sovereignties, legal fictions all, rather than one single institutionalised locus of authority. Again, anyone who lives in a federal state or indeed the European Union should be comfortable with this assertion.

If the process of market structuration is as much a phenomenon of the policy and regulatory processes of the state as it is of the process of competition among firms, then it is not difficult to understand the role of ‘non-state’ private interests, integrated into the complex institutional fabric of the state, in driving the process of global integration. As the pattern of material interests in national political economies has become more transnational, so the state has changed. The state has become far more a facilitator of global market processes than a protector of domestic market structures and interests over the past three decades. The pattern of political authority becomes more transnational in symbiosis with the transformation of the market. The state has progressively delegated a number of tasks either to private bodies or to

³⁷ Underhill, *Industrial Crisis*, chs 2-3.

³⁸ See discussion in G. Underhill, ‘The Public Good versus Private Interests,’ op. cit. Public goals could be accomplished by private agents, and (more worryingly in Smith’s opinion) *vice versa*.

institutions of international co-operation, though it maintains its functions in terms of domestic political legitimacy and all the tensions that entails.

In this sense what we have seen is not so much a *retreat* of the state in the face of market forces, but a transformation of the state in symbiosis with the transformation of economic structures. We have changing forms of state emphasising different functions over others, not an emasculation as such. This is akin to Jayasuriya's argument concerning the transformation of sovereignty: there has been a steady transnationalisation of the institutions of governance of the global political economy.³⁹ There may be a retreat of the state from particular activities and functions, but if one properly understands the dynamics of the state-market condominium, it should be clear that the form and functions of the state will continue to evolve as indeed they have in the past.

This argument also implies that the state could claw back (at a cost!) its authority should political and market circumstances make this likely. Political agency, depending on the balance of social forces and their organisational and institutional capacities, can be deployed to liberalise or indeed to invoke closure, as has happened many times in history – humankind does have free will where the market is concerned. The question then is not why is the state in retreat, but how long is the current form of state-market condominium sustainable in the face of the increased volatility of the global financial markets?

Conclusion

The state-market condominium model therefore operationalises political economy and infuses the global economic development process with agency. There is room for discretionary policy and action, even for the relatively vulnerable. We can, at least to a limited degree, affect the norms and values which underpin global order. As long as we see only a tug-of-war between the state and the market, then the benefits of one will be overshadowed by the costs of the other. The point is that we cannot have one without the other. They exist in symbiosis. The argument also demonstrates the real importance of Strange's insistence that we should focus not on states and markets as such, but on the interaction of *political authority* and the *market*. Political authority is not just vested in the formal institutions of states and their offshoots of governance such as regimes, but is also present in the agents of the market as part of the state-market condominium. The market *is* governance, even as it appears to work in mysterious, private ways.

³⁹ Kanishka Jayasuriya, 'Globalization, the Law, and the Transformation of Sovereignty: the emergence of global regulatory governance' in *Indiana Journal of Legal Studies*, vol. 6/2, Spring 1999: 425-55.

“LESS IS MORE”? ECONOMIC SOCIOLOGY IN SPAIN

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Introduction

The old-fashioned ‘defensive’ research policy that sought to limit the range of economic topics amenable to sociological research to strictly non-market phenomena, such as collective bargaining or welfare benefits, still prevails in the Spanish sociological community. Economic sociology in Spain is indeed almost completely subsumed under other academic rubrics, mainly Industrial Relationships and the Sociology of Work on one end of the research spectre¹, and the New Political Economy on the other.²

One recent and partial exception is Fernandez-Anguita’s (1998) textbook revision of the New Economic Sociology corpus as it has been published in English over the past twenty years. If, following the later corpus (and the guidelines of the Economic Sociology Section of the American Sociological Association), one were to adopt strict criteria for assessing the consistency of a particular piece of research with the spirit of the New Economic Sociology, there would be very few eligible works. This is what I have done here. In order to provide a substantive report on the state of economic sociology in Spain, I have chosen to deviate from the established format of a comprehensive overview. Rather than quickly enumerating a large body of literature (non-existing anyway), I will give a slightly more informative account of a small, strategically selected sample of (what are for me) five exemplary economic sociology pieces. These have been selected because of their combination of theoretical and empirical work on a key-topic in Economic Sociology. Throughout the presentation of these five pieces, I will also refer to other relevant works.

1. The catholic spirit of contemporary Spanish capitalism

In 1975, the same year that Franco’s dictatorship came to an end, Carlos Moya’s book *Economic power in Spain (1939-1970)* provided a canonical model for later work in economic sociology.³ This ambitious sociological project to uncover the National Catholic sources of

¹ Perhaps the most internationally prominent research work in these areas is the one by Juan-José Castillo on the division of labour among firms (1990) and new trends in the sociology of labour (1999), together with Carlos Prieto publications on labour force control strategies and employment policy (Prieto, 1993 & 2000; Prieto y Homs, 1995). Research on business organisation is best represented by the comparative studies of J.A. Garmendia (1998) on ‘firm cultures’.

² The most finished exemplar of this strand of research is Boix (1997), comparative research on the different impact of political-ideological variables in the making of macroeconomic policy in Great Britain and Spain during the 80s. The studies of Perez-Diaz (1993) and Maravall (1995) on democratic transitions and economic development are also well-known to the internationally oriented sociological academy. As are those of Espina (1998 & 1999) on competition policy and bankruptcy law reform. Mauro Guillén’s pioneering study of the Spanish economic profession (Guillén, 1989) can also be included in this chapter.

³ Several theoretical and empirical works have followed the path of Moya’s pioneer study. On entrepreneurship culture see Romero (1990) study of women’s business culture in Spain. The thesis of the religious basis of capitalism ideology has been

traditionalist and modernist attitudes among entrepreneurial elites in Franco's Spain, sprang up from a seemingly unrelated research problem. In the introduction to his book, Moya states that his original aim was to provide a cultural explanation for a curious statement made in a 1969 interview by would-be Governor of the Bank of Spain, L. Angel Rojo, then serving as director in chief of the research department of the Bank. "Though many people will find it irritating, the fact is that this country has industrialised, basically, between 1939 and 1959. What is usually called the industrial take-off has occurred in Spain after the Civil War and not before. This development has not had an autonomous character, but has been directed from above" (quoted in Moya, 1975: 9).

Moya devises a Weberian ideal-type model of national economic elites in order to account for the authoritarian politics which lead to economic modernisation. He distinguishes, on the one hand, a traditionalist "financial aristocracy". From its central headquarters located at the Counsel of the Bank of Spain, this old (mostly banking) capital helped to finance the victorious war of Franco's army. Later, the financial aristocracy of the Instituto Nacional de Industria (INI) [National Industrial Institute], created in 1941, was the real strategist behind the industrial take off referred to by Rojo.

Moving beyond this initial problem, Moya passes on to characterise a new type of economic elite that raised to prominence during the second half of the authoritarian regime of General Franco. This social faction of 'technopols' and modern business managers is theoretically defined as an ideal-type of rational bureaucracy and empirically identified as the craftsmen of the successful Plan of Economic Stabilisation of 1959. Strategically located in the new, French-inspired Secretaría General del Plan [Central Planning Bureau], the new administrative "Corporate Catholic" elite of public clerks commanded over the second economic development wave that ended with the oil crisis of the 70s.

The distinctive Weberian flavour of the model comes out in the identification of the peculiar National-Catholic ideology from where this modernist fraction of the economic elite extracted a set of practical symbolic tools that helped legitimate the otherwise authoritarian enforcement of economic reforms. "For the development of a bureaucratic-entrepreneurial ethics in Catholic Spanish society, the spirituality of *Camino* [*Path*] – the principal work of the founder of Opus Dei, Monsignor José María Escrivá de Balaguer – could have accomplished the same formative function that Max Weber exposed for Calvinist ethics in the development of the 'spirit of capitalism'" (ibid, 176). The half poetic, half disciplinary discourse spread by the rising economic elite, the new "Corporate Catholic" credo of Opus Dei (a religious movement created in 1928 by Escrivá de Balaguer), was presented as "a symbolic synthesis to reconcile in theory and practice the traditionalist values that attained victory in 1939 with the demands of neo-capitalist modernisation". Moreover "the (catholic) ecclesiastic faith of Opus Dei, and the peculiar "disorganised organisation" (Escrivá de Balaguer) of the acts of compassion and asceticism of its members, provided this secular religious movement with an effective means to rationalise individual behaviour in bureaucratic-corporate terms... This form of religiosity thus had a highly functional impact on the 'motivational structure' of the new corporate executive class, helping to adjust their professional demands to the required organisational tasks." (ibid., 179-80).

developed by Bilbao (1997) works on classical economic thinking and Christian theological discourse. See also the special 1996 issue of *Política y Sociedad* on Sociology and Economics.

2. Bars as employment agencies

With social network analysis as the very acme of the new sociological approach to status-based competition in markets, Spanish economic sociology should also be represented without its own exemplar of social network research. Largely inspired by the design of Mark Granovetter's 1974 classic *Getting a Job*, Felix Requena (1991a & 1991b) administered a survey questionnaire about personal contacts, job searching and job finding procedures to a sample of 609 persons in the city of Malaga, with the aim of mapping the distinctive social structure of the local labour markets.⁴

The bulk of relational data obtained by the survey procedure were highly consistent with the main structural features of labour markets documented by Granovetter in his study. A first well-known trait of the social structure of job markets that was corroborated by the Malaga study was the characteristic density/efficiency parameters of insiders/outside personal networks. While young newcomers massively reported "family contacts" as the distinctive and almost exclusive type of relational resource used to enter the market, the use of "friends and colleagues", a more diversified and efficient variety of social capital that depends on market experience was the privilege of adult insiders. Men also presented denser social networks than women.

A second structural feature of labour markets that was validated by Requena for the Spanish case was the precise relation between the network of personal contacts and the *type* of employment. The study showed that the effectiveness of informal allocation channels decreases in direct proportion to the increase of the level of education/qualification required for the post. Informal channels are most effective to find jobs that require a low level of education/qualification. And while institutional channels for job allocation (i.e. public employment agencies) conserved some relevance (30%) in the case of wage employment, self-employment was mostly attained via informal channels (only 5.6% of interviewees used institutional information to launch a business).

Among the more informative findings of the study was the estimation of the average number of contact 'steps' needed to 'bridge' social distance in the local labour markets. The highest number of personal contacts used by respondents to get a job through informal channels was three, with a great majority of cases (86.9%) needing only to activate one direct personal relationship (with a relative, friend or neighbour) to access a job. A more mediated two-step procedure (the friend of a friend) was needed in 11% of the cases. Only 2.2% reported having to pass through a longer three-step contact channel (the friend of a friend of a friend), thus requiring the intervention of a relatively "distant" intermediary.

The most original insight of the Malaga study concerned the role of contextual factors, such as characteristic spatial settings, in the weaving of social relationships with high labour market value. "It is during leisure time that informal networks of social contacts tend to develop. Those interviewees that pass more time going to bars, cafeterias, etc. show networks that are denser and better distributed among the different levels of relationships than the networks of those who do not visit these places with the same frequency." (Requena, 1991a: 137). This finding may perhaps lend some credit to our local common sense that it is not in marketplaces or board rooms, but rather in bars and restaurants where deals are done. This should come as no surprise to anyone who has ever taken a walk through some city district in

⁴ In this case the selection wasn't problematic at all: this is in fact the only one explicit social networks application to the study of empirical market structures! Other interesting essays with social network analysis are Pizarro (1990) structural model of command and communication lines in public administrative hierarchies; and Molina (1995) on communication networks and the development of organisation culture. On the theoretical side, Pizarro (2000) has developed an original network model of economic exploitation.

Spain! After all, as it is said in a recent song by the popular rock singer Joaquín Sabina: “Only in Antón Martín [a neighbourhood in downtown Madrid], there are more bars than in the whole country of Norway.”

3. Mining and Memory: A Social Systems Approach to Regional Economic Policy

Undertaking empirical research under the protective umbrella of some avant-garde (preferably French or German) ‘social theorist’ (Foucault, Bourdieu, Luhmann, and more recently Latour) has been a typical exercise for the self-identified Spanish economic sociologist during the past decade.⁵ Among the most accomplished works in this genre is the one by Jose M. García-Blanco on endogenous development policies as dissipative, self-referential systemic structures⁶.

Building on Luhmann’s theory of autopoietic systems, this author has devised a concept of *social memory* modelled, after Prigogine, as a ‘dissipative structure’ to give an alternative, non-Panglossian account of the failure of both ‘old fashioned’ Keynesian demand policies and the new ‘groovy’ varieties of supply-side policies aimed at promoting endogenous regional economic development. “The formation and use of a memory, though an exigency of every self-referential system, is not an special capacity but a mere sub-product of the operations that reproduce the system.” (García-Blanco, 1998: 103). In a system modelled as an organisationally closed, self-reproducing machinery for absorbing exogenous fluctuation into higher orders of complexity, the primordial function of memory is not so much that of remembering, as that of forgetting “because only oblivion impedes the self-blockade of the system caused by the traces that its history leaves in it, allowing to dispose of enough capacity for attention and, in the case of social systems, communication.” (ibid, 103-104).

The distinctive explanatory power of this theoretical model is tested for one prototypical case of regional industrial decline, that of Asturias, in the north of Spain. The present economic structure and capacity of this region, which specialised in the mining and iron and steel industries during the nineteenth century, is heavily marked by a past of protectionism and corporatism. Sustained by a highly specialised and combative labour force with strong statutory identity, the powerful trade unions of the region have conserved bargaining power and political initiative through successive programs of reform and re-industrialisation. Seen from an historical point of view, the author finds it “understandable” that members of a social formation who have “traditionally solved economic problems by way of political protection” tend to consider that “the maintenance of its productive activities and of a certain income level” calls for the preservation of economic protectionism.

Faced with the failure of previous Keynesian-type programs of fiscal and financial incentives to attract private investment capital, national and regional governments have recently embraced a new set of regional economic policy receipts. The final part of the article examines, from a social-systems conception of the global market economy, the paradoxes of this new economic policy regime, the very mantra of endogenous development, sustained as much by orthodox supply-side macroeconomics as by heterodox institutionalist-evolutionary

⁵ Bourdieu’s theory of symbolic violence has been applied by Martín-Criado & Izquierdo (1993) to human resource policies and managerial control strategies. The post-foucaultian thesis of advanced-liberal governmentality has been explored for the case of “participation” policies against poverty in México (Bascones, 2000) and OECD intellectual capital programs (Luque, forthcoming). Another variety of Parisian sociological avant-garde -Latour & Callon actor-network theory- also inspires the pioneer work of Muniesa (2000a & 2000b) on the heterogeneous (computer, economic, legal, political) engineering of double auction stock market automata.

⁶ While retaining Luhmann and Baecker basic model of self-referential market economies, García-Blanco (1991) also uses Ulrich Beck’s theme of the ‘Risk society’ to account for emergent phenomena of flex-ploitation in Spanish labour markets.

thinking. If the previous theoretical modelling of the paradoxical, dissipative operations of the memory capacity of an autopoietic social system is accepted as correct, the stated political aim of self-sustained economic activity generation inside a region is only attainable if the target economic system “is capable of emerging dissipative structures”. In the particular case of an old industrial area like Asturias, this means that “the traditional stability of its highly specialised economic structures must be substituted by a capacity to use a wide range of exogenous fluctuations to generate functional orders of growing complexity.” (ibid, 112).

From this systemic interpretation of the concept of endogenous regional development follow some highly problematic recommendations for the practical design of regional development policies. The author indeed concludes that this can only be a paradoxical undertaking: “for a declining industrial region, born, bred and grew under the mantle of public initiative and protection, future endogenous development policy must be inspired by the idea that *not having* a general and detailed development plan must be the condition for beginning a plan for development.” Indeed an effective strategy for regional economic renovation “should be devised in a decentralised and autonomous way” (ibid, 114-115).

4. The gendered economic sociology of production time

What radical economists desperately need for alternative economic policy options, are data that are out of reach for conventional applied macroeconomics and national income accounting. To create more refined demand policy instruments, we need reproducible data about what occurs *outside* the “economy”, i.e. detailed information on the nature and context of everyday life-world activities. Because social research on “time allocation” patterns can offer clues as to the real market value of non-market activities, it is an invaluable tool for those discontent applied economists that seek to expand the calculus of GNP to include the value of non-remunerated productive activity.

Using original data sets obtained by time-budget survey questionnaires, M^a Angeles Durán’s 1991 article “Time and the Spanish Economy” presented a proposal for designing just this type of new economic policy tools.⁷ The article presents a panoramic review and a theoretical justification of new research methods, such as time-budget social surveys, with the aim of establishing a reliable proxy estimate for the contribution of the different ‘hidden production factors’ to the gross national product. The most important of these factors, household work, is still for the most part socially segregated and economically devaluated as the (in)visible, (un)productive territory of women’s daily activity.

Durán accompanies her theoretic-methodological picture with some striking, preliminary figures of the size of the non-monetary sector of the Spanish national economy, estimated from available time-budget social statistics. According to her data, during the decade of 1980 Spanish consumers devoted an average of 0.63 daily hours, during labour days, to the consumption of market goods. This time investment is motivated mainly by the purchase of food and cleaning goods for everyday use, and equals 23.6% of the gross labour time invested in the *production* of those same market goods that are consumed. “It can be interpreted that the whole national production is sold only at a 76.4% of its total productive cost: the rest of the cost is externalised to others outside the monetized sector.” (Durán, 1991a: 36).

A closer look at a particular sector of the informal economy, the non-remunerated activity that supports the hidden costs of the institutional health sector, is finally offered as a test-case for

⁷ Work by Sanchís (1988) was also pioneer in describing the specific socio-cultural and economic structural mechanics that determine the cyclical dynamics of concealing-surfacing real economic transaction to the (fiscal) accounting eye of the State.

the hypothesis of the radically gendered, radically unfair economic contents of non-monetary production (Durán, 1991b). The data for the health system show that though institutional activities contribute to health and care production, the enormous labour demand generated by illness and incapacity is satisfied mostly outside the institutional health system, that is by voluntary, non-remunerated work. Disaggregated figures of gendered economic inequality for this case are even more eye-catching: in 72% of the cases of illness, and 79% of the cases of incapacity, housewives have to satisfy the institutionally non-satisfied labour demand (Durán, 1991a: 44-45).

One of the most vigorous research programs has since developed along these methodological lines. Building partly on the sociological models of the “informal economy” by R. Pahl, A. Bagnasco and J. Gershuny, recent empirical studies about the real size of women’s contributions to national income have produced interesting economic data.⁸ The research program on time allocation patterns and the gendered character of the non-monetary sector of Spanish economy, became linked to theoretical developments coming from the field of gender studies. Substantive conceptual research on the intersection between economic sociology and gender studies have recently been published (e.g. García-Sainz, 1998). They build on neo-Aristotelian categories such as Arendt’s concept of ‘labor’ to cut across the divide between the economic system and the economic life-world.

5. Population statistics and fiscal paranoia: Accounting for a naturally occurring political economy ‘breaching experiment’

Mostly developed outside of the academy during the 60s and 70s, qualitative sociological research on lifestyles and consumption practices is my final exemplar of a major research program in Spanish economic sociology. The most outstanding – though somehow oblique – contribution to this program⁹ – and, in my view, perhaps the most original research work produced by Spanish economic sociology during the past decade- was authored by Angel De Lucas, professor in the sociology of consumption at the Universidad Complutense de Madrid. Published in 1992 under the long title *Social Attitudes and Representations of the People of the Madrid Autonomous Region in relation to the Population and Housing Census of 1991*, the work of De Lucas can be understood as variations upon the theme of James O’Connor’s fiscal crisis of the State. The jazzy variations on O’Connors work are almost ‘casually’ performed through an empirical study of a sort of ethnomethodological “breaching experiment” with the taken for granted assumptions of a national economy’s statistical information system.

If the uncanny design of Florida voting ballots recently exposed US. electoral machinery to radical public scrutiny, in Spain in 1991 it was the new design of the population and housing census standardised questionnaire that suddenly and surprisingly exposed the whole State machine to a comparable public test. The unexpected phenomenon was that a non-negligible number of interviewees refused to fill in a Census questionnaire. De Lucas studied the phenomenon using transcriptions of tape-recorded round-table conversations among common people. Seven meetings with groups of eight persons were arranged, each group being a

⁸ García-Sainz et. al. (1995) estimate that more than 60% of total women population in the Autonomous Region of Madrid performs a non-market economic activity which main component, household work, is estimated to have an average cost of 41 weekly labour hours. For an overview of the most relevant theoretical and empirical insights of this research program see the introduction of M^a Angeles Durán to the 1997 special issue of *Política y Sociedad* on Non-Monetary Economics.

⁹ See Alonso & Conde (1994) and the special issue of 1994 of *Política y Sociedad* devoted to the sociology of consumption.

‘structural sample’ of the members of a distinct sociological faction of the Spanish population (manual workers, new middle urban classes, rural petit bourgeoisie, etc.).

The sociological discourse analysis of De Lucas made gave an apparently trivial answer to the rejection of the Census questionnaire: because it was so *visibly amenable* for computer processing, the new design of the Census questionnaire could be very easily integrated in an already existing but previously inconsequential “paranoid picture of the [Spanish] State” (De Lucas, 1992: 116).

The formerly unexplained and unexplainable refusal to answer formerly innocent census questions, emerged in the course of the groups’ discussions as plausibly motivated by (an abstract) fear to database cross-examination of the Census information by some other public institution. To wit: the Ministry of Finance. A second emergent group conversation topic took the form of direct complaints against the legitimacy of the public function entrusted to the Instituto Nacional de Estadística (INE) [the Spanish National Institute of Statistics]. Popular references to modern information technologies also reinforced the vision of an intimidating state bureaucracy that surfaced in the group discourses. Most interestingly, those individuals (mostly pertaining to the urban professionals and middle-range public employees categories) that showed a better understanding of both the administrative procedures of State bureaucracy and the technical possibilities of the new information technologies, expressed the strongest distrust against the new census questionnaire.

These persons often “expressed their conviction that the census information will be *computationally* analysed and combined with other official records and be so disposable for every kind of administrative verification of individual cases, especially for tax confirmation.” (ibid, 116). De Lucas characterises this picture as *paranoid*: a vision that (mis)construes the heterogeneous set of government agencies as an unitary organism “which ‘Hacienda’ [‘the Treasury’, a popular shorthand for the National Income Revenue Service] at its centre”. A political monster that takes advantage of all data sets contained in its records, combining all kinds of administrative information recorded for every individual taxpayer into a ‘risk-profile’ amenable for automatic surveillance.

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BOOK REVIEWS

Olivier Godechot, *Les Traders. Essai de Sociologie des Marchés Financiers*. Paris: La Découverte, 2001, 298 pp.

There is a strong interest in the sociology of financial markets in contemporary French economic sociology. A number of young French scholars have created an active research group ('Social Studies of Finance'), the members of which have recently published a special issue of *Politix*, a journal devoted to the social and political sciences. Olivier Godechot, a member of this group, offers us a splendid book based on his field work in a French company involved in the financial markets. In doing so, he is in line with Mitchell Abolafia's study – *Making Markets: Opportunity and restraint on Wall Street* (Harvard University Press, 1996) on a similar tribe on the East coast of the United States.

After a brief introduction, the book opens with a historical description of financial markets in France, over the last twenty years. Two salient elements are highlighted from the outset. First, the traditional market community of the French Bourse has disappeared, and so did the rules and norms of behavior which formerly regulated the profession. Second, after the financial crisis of 1987, a much more complex and differentiated market has emerged due to the active participation of the French State and the growing importance of computer technology and pricing software. Wisely, Olivier Godechot reminds the reader of the general significance of the Black, Scholes and Merton's pricing formula linking option prices to underlying stock prices, interest rates, volatility, and the like. This theoretical aspect of the market is important since it created a mathematical norm for optimal behavior, a situation which become of even greater importance when you combine this element with the large number of powerful computers working on these financial markets, electronically connecting a (relatively) small number of financial operators. This peculiar setting defines the core of the book.

Chapter one describes the material organisation of the market and its social division of labour. The book explains how the finance department of the bank is divided into various offices (front-office, middle-office, advanced back-office, back-office) to which correspond a variety of jobs (traders, assistant traders who cannot do any transactions themselves, *quants* or mathematical experts, R&D engineers, accountants, etc.). The proximity to financial transacting generally determines the position in the professional hierarchy. Due to the particular importance given to transactions, the most prestigious jobs are located in the front-office where traders are working, whereas in the back-office people are busy with routine activities and less hectic tasks. In this organisational setting, the front-office is considered to be the "profit centre" whereas the back-office is considered as a 'cost'. Wages and bonuses based on performance are flowing over the front-office (whether traders proper or people in charge of the customers of the bank) but with relative parsimony for the engineers and accountants in the back-office (Table 2.4 and 2.5). This chapter also offers an overview of the nature of the transactions on this specific market. Godechot, in a very interesting piece of field work, describes the practical side of the job and the reader can grasp the flavour of the market, revealing the gambling aspect of the work carried out in the front-office. However, when Godechot considers the social limits within which these professionals work in order to prevent bursts of opportunism and profit seeking, the chapter lacks the accuracy of Abolafia's work. This is related to the set of questions that Godechot focuses on in the next three chapters: the social origins and the profit mentality of the traders.

As the data (Tables 2.2 and 2.3) make clear, a large proportion (29%) of the people (mostly men) working in the finance department of the bank come from the top French *grandes écoles*

(Ecole Polytechnique, Ecole Centrale, Science Politique, or major Business Schools), a lesser proportion (18%) come from lower schools, and 30% were former students in a University, most of them having degrees in Finance. As one may have expected, there exists a network of people linked through their attendance of the same *grande école* (pp. 138-140). This finding corresponds with their social origin : the figures show a strong overrepresentation of men whose father was a businessman, an engineer, or a member of the upper middle class (68% whereas these categories represent only 10% of the whole employed population in France). Financial incentives and beliefs related to what is productive and what is not are important features for the management of these people and for the taming of the competition. A very interesting findings comes from Godechot's insightful remarks (pp. 167-174) about the behaviour of these bright students: while working as traders they keep on behaving as young students competing with fellow students to enter the best *grandes écoles*. On the market they play a similar game, although the goal is now to make profit.

Chapters 3 and 4 focus on the question of rationality in the market and in the mind of the traders. There are indeed strong incentives to act rationally, but as Godechot rightly points out, there exist various techniques for making money, since there are different methods available for trying to overcome the basic fact of uncertainty related to prices and quantities: the mathematics of finance (particularly of futures markets), the 'historical' method, so to speak, grounded on the analysis of past evolutions of the market (a method that can be backed up with highly sophisticated mathematical tools for discovering statistical regularities) or the basic feeling of the trader. Godechot explains that traders whose training was in mathematics are more capable to understand and to modify the Black, Scholes and Merton formula – a result which is not very surprising, indeed. What is probably more interesting is the fact that many people on this market are either not able, or not induced to do so. It is worth noting that older traders are less interested in mathematical techniques, while they often get superior earnings in relation to their longer presence in the bank. Many traders are thus implementing a high level of *implicit* economic rationality, since their computers are running software adapted to their needs, providing results that can be interpreted easily, even without much knowledge of financial theory. Rationality is in the machine and not in the trader's mind. This is probably the most arousing chapter of the book, although two important facts diminish the sharpness of the findings. First, the enquiry is based on what the traders say and not on what they actually do. Their answers thus provide more information about what is considered to be a 'good' (i.e. legitimate) answer, than about what efficient behavior actually is. Second, there is no clear connection between the trader's technique and the financial result. Are the different techniques or forms of 'rationality' equivalent in terms of making money? The information, which is necessary for an empirical answer, is probably difficult to obtain, but it is the real question, both for the actors and for the observers, since this is a market defined by making money.

Finally, Olivier Godechot offers conclusions about the role of economic thinking and the transformation of the human being into *homo aeconomicus*. As a matter of fact, it is a difficult task to interpret what the traders think about the functioning of a complex economy in terms of a crude opposition between orthodox and heterodox economic theory. Once again, these interviews tend to provide us with what traders consider to be a legitimate discourse, a *sociodicée*, and economic theory can certainly meet the demand of this curious tribe in this respect. But this is quite different from trying to assess the role of economic theory in the daily functioning of financial markets. Keynes' *General Theory* (chapter 12) has explained, more than half a century ago, the difference between the economic knowledge adapted to the financial tribe and the macroeconomy of the 'fundamentals' of a firm or of a nation. The exact role of economic theory on the market asks for more enquiries of high quality as the one

provided by this book, and economic sociologists are much obliged to Olivier Godechot for his splendid research in an area which is definitively important for understanding the working of our economically constructed society.

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Richard Swedberg, *Entrepreneurship. The Social Science View*, Oxford University Press. Oxford and New York 2000, 403 pp.

Many people will be surprised that economics as a science does not have much to say about entrepreneurship. In economics markets are being studied as mechanisms that are based on the actions of a variety of many human beings or firms. As a consequence, the particular actions of one or a few persons, or even of a firm, cannot profoundly affect the market as a whole, and are therefore not very relevant for economic theory. Social scientists outside economics are less limited by a dominant model. They should be able to fit their observations on the behavior of entrepreneurs in less exclusive theories of social behavior and social processes. But since the eighties, according to Swedberg, not social scientists, but "people in and around the business-school community" have made the best and most interesting studies about entrepreneurial behavior, and especially about innovation.

With this edited volume Richard Swedberg wants to demonstrate that social scientists too have made important contributions to the study of entrepreneurship. He even claims that their work might interest the business-school community, because of its practical consequences. Even if a social science study has no immediate practical consequences, Swedberg argues, a business student can learn a lot from thinking about possible practical consequences. Swedberg's gestures towards the business schools divert the attention from what I see as the primary significance of this reader, that is bringing together in one volume the best social-science writings on entrepreneurs and entrepreneurship. A book like this can be a source of inspiration for other social scientists. Its publication follows from Swedberg's earlier contributions. His book on Schumpeter must have convinced him of the importance of entrepreneurship. In the wonderful *Handbook of Economic Sociology* (1994), that he edited together with Neil J. Smelser, there is only one of the 31 contributions which deals directly with entrepreneurs. A true Schumpeter student could not leave it at that.

My comments on this anthology will deal with Swedberg's selection, the quality of the selected papers and the way they are organised. In the introductory chapter (part I), Swedberg presents "The social science view of entrepreneurship". Compared to the scope of the topic, it is a relatively short chapter (37 pages). The reader does not get "the" view of social scientists, but rather the many different views of researchers from several social science disciplines, without any attempt to relate them with each other. I regret that Swedberg has not related these various viewpoints to the ideas of the person whom he rightly calls the main figure in this field, Joseph Schumpeter. The chapter is not very different from the overview already given by Hébert and Link in 1982, except that some sociological, anthropological and psychological literature is added in about seven pages. Without attempts to develop a synthesis of the various social science viewpoints on entrepreneurship, not many members of

the business school community will be impressed by the widely divergent contributions of social scientists. Swedberg takes a small step in the right direction on page 21 where he states that it is "of minimal interest to those who are concerned with developing practical entrepreneurship [is] whether an individual economist's argument can easily be fitted into the theoretical system of mainstream economics or not". Curiously, he does not discuss the consequences of Schumpeter's most relevant sociological insight, that of the economy as an evolutionary process. Schumpeter stressed this most of all in *Capitalism, Socialism and Democracy*, and I really missed the chapter on "The process of creative destruction" in this reader. Implied in Schumpeter's view on the economy as an evolutionary process, is that the acts of entrepreneurs have to be understood as a function of the competitive situation in which they have to act. Every attempt to understand entrepreneurship independent from the nature of the competitive situation seems to me without sense. From this viewpoint the personality or the group status of entrepreneurs becomes a side issue, central are the strategies and tactics businessmen use to beat their competitors. This way of interpreting Schumpeter could have also brought more unity in the selection of contributions, and perhaps it could have led to a selection that has more practical significance for business school students.

The second part of the reader: "Different social science perspectives on entrepreneurship" contains contributions from Schumpeter, Blaug, von Mises, Lipset, Gerschenkron and Barth. As follows from my comments on Swedberg's own introduction, there is not much coherence in this selection. The text of Schumpeter on "Entrepreneurship as innovation" is indeed the classic statement on entrepreneurship. But this text only makes sense, in my view, if one sees the economy as an evolutionary process. Schumpeter's musings about the personality or hero-status of entrepreneurs then become somewhat less relevant. That issue takes the attention away from what is really important in Schumpeter's contributions to the study of entrepreneurship. Blaug gives a overview of visions on entrepreneurship by economists in which no attempt of integration or systematisation is made. Von Mises provides more of a justification for profit making. The interesting point is that he sees profits as a reward for a correct estimate of (pre-existing) consumer demand. This is contrary to Schumpeter's idea that the creation of demand is an entrepreneurial act itself. The article of Lipset in which the attitudes towards entrepreneurship between North and Latin American businessmen are compared is interesting, but perhaps a bit dated since the studies of Hofstede and others on cultural differences in economic attitudes between nations. According to Lipset, in countries in which anti-entrepreneurial values dominate, entrepreneurs tend to come from deviant groups, often minorities. Gerschenkron's contribution is a variation on his well known chapter on the different forms of entrepreneurship according to the degree of backwardness of nations. The entrepreneurial function can be executed by banks (Germany) or the state (Russia). Barth, an anthropologist, gives a description of the economy of an African mountain society. The important point in his article is that one comes to understand the inevitability of resistance in this society against innovative entrepreneurial acts, because they go against the logic of the traditional system.

The two other parts of the book, "Entrepreneurship and the firm" (part III) and "Entrepreneurship in a changing world" (part IV), have the same characteristics as the contributions in part II. Most of the articles are relevant and interesting. Those in part III are from well-known authors as Moss Kanter, Aldrich, Arrow and Granovetter. A few are close to the literature that is produced in "the business school community", e.g. Kanter on the flexible characteristics of innovative firms and Saxenian (part IV) on production networks in Silicon valley. What I do not understand is that Swedberg has not selected one or two contributions of Alfred Chandler. In his introduction he indicates the importance of Chandler for business history, but then states that Chandler was less interested in the entrepreneurs that started firms

then in the management hierarchies they created. That is true, but it does not mean that Chandler's work is not highly relevant for studies on entrepreneurship. His comparisons between Henry Ford, the entrepreneur par excellence and Alfred P. Sloan, the manager par excellence are most illuminating. Or his ideas on the strategies of first movers and challengers. After Chandler's remarks in *Scale and Scope* on the subject, the dry theoretical article of Kenneth J. Arrow on the relations between large and small firms might have stayed out of the reader. For the article of Aldrich, "Entrepreneurial strategies in new organisational populations", I would have also preferred a piece of Chandler. Aldrich's contribution from the population ecology school focuses on processes of growth and decay of business branches and not so much on the strategies and tactics of individual entrepreneurs.

A last word on the ordering of the contributions. As one can see from the titles of parts II, III and IV they are general and relatively unfocussed. Sometimes it is unclear why an article is put in a certain part. The interesting article of Barth in part II demonstrates that entrepreneurs often connect two usually separated spheres in society. The article of Burt in part IV "The network entrepreneur" is about entrepreneurship as the connection between normally separated networks. Granovetter's contribution, "The economic sociology of firms and entrepreneurs" (part III), largely covers the same subject as the contribution of Waldinger c.s. on ethnic entrepreneurs in part IV. Both deal with the ways members of minorities try to find ways for establishing a business.

Richard Swedberg's initiative has produced an interesting reader with articles on entrepreneurship which are well worth reading. I personally regret that Swedberg has not seized the opportunity to try and formulate a more integrated social science viewpoint on the subject. With such a viewpoint his selection and its ordering might have been even better than it already is.

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Gerda van Roozendaal, *Social Challenges of Trade, Trade Unions and the Debate on International Labour Standards*, Doctoral Dissertation, University of Amsterdam, 335 pp.¹

Questions of market organisation are of central concern to economic sociology. Against the background of a rapidly changing global economy, the governance of economic transactions becomes an increasingly relevant research topic. In this respect, fields such as institutional economics, economic sociology or – referring back to the article by Underhill, earlier in this Newsletter – international political economy share a similar interest in processes of market liberalisation and political regulation.

The doctoral dissertation of Gerda van Roozendaal provides a very interesting case study of the forces which are at work in shaping the global economy. This study focuses on the international debate on labour standards. The case in point are the efforts by international

¹ To be published by Continuum Books, London.

unions and labour federations to get a social clause included in the Singapore Declaration adopted by the World Trade Organisation (WTO) in December of 1996. These efforts failed. Although the WTO expressed support for internationally recognised labour standards, it deferred responsibility for setting these standards to the International Labour Organisation (ILO). The World Trade Organisation thus refrained from explicitly adopting sanction mechanisms aimed at protecting the rights of workers as an instrument to regulate international competition. The two questions that Van Roozendaal's study consequently sets out to answer are, firstly, how international unions have tried to influence the WTO's decision-making process on whether or not to include a social clause in its 1996 Declaration and, secondly, which factors are responsible for the success or failure of the attempts by organised workers to commit the WTO to international labour standards.

In the first chapters of the book, the author devises an analytical framework for the case studies. In this framework, the international influence of trade unions is analysed both in terms of interest group theories and in terms of a discursive analysis of the positions taken by interested parties in the debate on labour standards. The study thereby shows that the controversy over those standards to a great extent is a debate about market order. In such a debate, proponents bring in conflicting perceptions of what constitutes sound policy while occupying different positions in the institutional arrangements of international politics. The various governance concepts that antagonists bring into the discussion, therefore, find different institutional support in the intricate arrangements between national unions, international labour federations, governments – both national and transnational – and international NGOs. In this case, it is argued that next to the WTO and ILO, institutions such as the International Confederation of Free Trade Unions (ICFTU), national union federations in countries such as the United States and India, the OECD and the institutions of the EU played a significant role in the debate about international labour standards.

The debate on the social clause in the WTO and the question of who is responsible for specifying and enforcing labour standards thus is shown to concern the organising principles of the global economy. International union federations had hoped to get labour standards included in the WTO's Singapore declaration of December 1996. According to Van Roozendaal, this priority from the side of organised workers itself represents developments in the global economy. These, so the argument, bring along new and flexible forms of work organisation as well as the threat of the international relocation of production. This invites forms of regime competition between countries with the associated risk of social dumping on a global scale. Against that background, the study by Van Roozendaal shows that there were both different routes available to international union federations in their efforts to get the WTO to adopt a social clause and different barriers for effectively influencing the Organisation's decision making.

Efforts at getting the WTO to adopt a social clause could follow either directly by lobbying the World Trade Organisation itself or indirectly, for instance by applying pressure on organisations such as the OECD and the institutions of the EU. Splits within the international labour movement, however, undermined a concerted effort and this, so the author, is an indication of the complexity of the arrangements in which international economic relations are embedded. Van Roozendaal illustrates this point empirically in terms of two national and three international case studies. These focus on the United States, India, the ILO, the EU and OECD respectively. In the USA, the American Federation of Labor and Congress of Industrial Organisation (AFL-CIO) advocated the setting of core labour standards and, in the context of domestic arrangements, managed to get the issue on the national political agenda. In India, on the other hand, union federations supported their national government in rejecting (costly) international labour standards as a measure protective of the economic interests of

developed countries. These two national case studies, then, provide the ground for the analysis of the role played by international organisations.

Drawing on a distinction between neo-liberal and interventionist discourses, it is shown in the case study about the International Labour Organisation that the debate about the universality of labour standards and about the economic consequences of these standards for economically stronger or weaker countries was fought within the international labour movement itself. This undermined the ILO's capacity to realise substantive influence on decision-making within the World Trade Organisation. Van Roozendaal points out, however, that this cannot be equated with not realising any influence at all. Although not formally accepting responsibility for the setting of international labour standards, the WTO did acknowledge the need for such standards by making reference to them in its Singapore Declaration. In the book, this is taken as evidence of what the author calls the sensitising rather than the substantive effects of union strategies or, more broadly, interest groups activities. This argument is further supported by the case studies on the EU and OECD in which it is shown that the effectiveness of the strategies deployed by the international labour movement largely depends on context factors such as overall policy priorities in the case of the EU and formal decision-making structures in the case of the OECD.

Finally, on the basis of the analysis of the case studies, Van Roozendaal argues that the governance of markets concerns different strategic levels, from the regional arena of small scale trade unions and local labour relations through to the international arena of large NGOs and the regulation of global trade and competition. On all of these levels, interest politics is structured by conflicting ideas about economic order and market governance as well as by the nature of power relations and the formal structure of institutional arrangements. The book by Van Roozendaal thus provides a very interesting empirical study of how labour regulation is embedded in international economic relations. At the same time, the book shows that the policies produced within those international relations are the product of localised interest politics, that is, different institutional arrangements and actors' perceptions of how the global economy should work.

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CONFERENCE REPORTS

Livelihood, Savings and Debt in a Changing World: Developing sociological and anthropological perspectives, Wageningen, May 14-16, 2001

This international conference on "Livelihood, Savings and Debt in a Changing World" was organised by the Wageningen University and Research Centre (WUR) and the United Nations Food and Agriculture Organisation (FAO), in co-operation with three research schools: the Dutch inter-university research school CERES for Resource Studies for Development, the Mansholt Post-Graduate School, and the Amsterdam School for Social-science Research (ASSR). Around forty papers were presented by development sociologists, historians, economic anthropologist, Microfinance practitioners and economists from around the world.

The conference was inspired by a growing dissatisfaction with prevailing trends in the world of Microfinance, whereby Microfinance is taken as the (concerted) efforts of NGOs, international development organisations, and the state, which aim to fight poverty and underdevelopment by supplying small-scale financial services. Those Microfinance interventions are characterised by a strong emphasis on the provision of credit and the design of uniform financial technologies. It is an approach, which insufficiently takes into account the diversity of beneficiaries' lifeworlds, activities, needs and resources.

The conference had three fundamental objectives. First, we wanted to develop a better understanding of how people construct their own world of 'Microfinance', how people make use of savings in cash and kind, participation in Rotating Savings and Credit Associations (ROSCAs), moneylenders, Microfinance institutions, as well as loans from relatives and acquaintances. Secondly, we aimed to develop and foster abilities to tackle assumptions underlying mainstream micro-finance interventions. Finally, we wanted to come with alternative ideas, new policy approaches that take people's management of scarce resources.

The conference was meant to provide a forum for social scientists to meet, to exchange and develop ideas and analytical concepts, and to organise themselves, so as to strengthen their influence on policy makers.

In his opening speech, Otto Hospes (Wageningen University) discussed some findings from the FAO-WUR research program: "Savings Forms of the Rural Poor: the forgotten dimension of rural development". He challenged the participants to take the concept of livelihood to address issues of savings and debt.

Aminur Rahman (IUB, Dhaka) and Stuart Rutherford (Safesave) delivered the keynote speeches. Rahman, by means of an analysis of public and hidden transcripts, criticised the Grameen Bank in Bangladesh, pointing at the social costs of its apparent success. Rutherford addressed the complexities of poor people's management of money, proposing a simple and flexible form of financial services that focuses on the basic *processes* of financial intermediation, rather than an array of products that try to meet each of the myriad *uses* and *users*.

The following session featured researchers of the FAO-WUR research program. Karin Verstralen (FAO) and Geoffrey Choongo (Zambia Cooperative College) discussed the diverse saving practices of different socio-economic classes in Zambia, arguing that the provision of savings products should take into account their different savings portfolios. Vupenyu

Dzingirai (University of Zimbabwe) explained how Zimbabwean savings practices are shaped by a dominant culture of reciprocal giving and receiving.

The conference then split in two separate tracks, one focusing on the management of resources and risk, and the other on the logic of collective action.

In the first track, Jean-Paul Lacoste (University of Geneva) and Julie Gifford (University of Birmingham) focused strongly on the concept of livelihood in their analysis of people's savings and credit strategies, in Zimbabwe and Uganda respectively. They showed different forms of capital are interrelated with regard both to the degree in which people have access and the ways in which people are able to make use of them. Another recurring theme in this track was the peculiarities of cash flows of the poor. They have to deal with infrequent and unreliable income flows, and with unexpected and burdening costs. Several presenters had observed various forms of saving and debt through which individuals were coping with these cash flow problems. Valentina Mazzucato (Free University, Amsterdam) showed how a changing social, economic and environmental context could result in drastic changes in prevailing savings institutions, which she explained on basis of the different forms in which people saved in cattle in Burkina Faso. In this track, discussions focused on the different forms of capital, risk and uncertainty, reciprocity, networks and social capital, and differences between rural and urban settings.

In the second track, discussion focused primarily on the role of Rotating Savings and Credit Associations (ROSCAs) and Accumulating Savings and Credit Associations (ASCAs) in Asia, Africa, and Latin-America. Abram de Swaan (University of Amsterdam) discussed the differences and similarities between contemporary ROSCAs and 19th century mutual funds. Sue Kenyon (Butler University) described the relation between Sudan's economic crisis and the growing popularity of ROSCAs. Robert Christie (AusAID) discussed the way in which the position of the organiser influences the maximum size of ROSCAs, and Susan Johnson (University of Bath) discussed the relation between the implementation of rules and the provision of services in different financial institutions. Apart from that, there were a number of presentations savings groups and credit groups under Microfinance programs. Bart Criel (Institute of Tropical Medicine, Antwerp) examined the failure of a mutual health organisation in Guinea-Conakry. Hotze Lont (University of Amsterdam) explained the failure of an Indonesian linkage group as a result of its modified social configuration. Asif Dowla (St. Mary's College of Maryland) argued that Grameen Bank's credit group system had contributed to social capital in Bangladesh, in contrast with Aminur Rahman's argument in his keynote speech. Key-concepts in the discussions included social capital, trust, shame and honour, gendered space, exclusion, and culture (more specifically witchcraft).

On the third day, plenary sessions resumed. The first, particularly interesting, session was on migration. Ben Rogaly (University of East Anglia) explained the seasonal migration among West-Bengal workers as motivated by the need for lump sums to smooth consumption. This quest for lump sums immediately leads to increasing uncertainties for the wives who stay behind. They have to invest in social relations and conform to socially desirable behaviour, in order to ensure access to material support. Carlos Velez-Ibanez (University of California) discussed the position of Mexican migrants in the US who, forced to make substantial investments, accumulate debts and dependency.

The final session saw presentations by Jude Fernando (University of Arizona) and Heloise Weber (University of Warwick). They argued that the growing popularity of Microfinance programs should be understood against the background of social, economic and political processes generated by globalisation, the consolidation of neo-liberal capitalism world-wide, and the cultural politics of social change in local communities. In that understanding,

Microfinance has failed and will continue to fail as an instrument to achieve women's empowerment.

The conference was concluded with a panel discussion in which Shirley Ardener (Oxford University), Hamidul Huq (UST, Dhaka), John Rouse (FAO), Vupenyu Dzingirai (University of Zimbabwe) and Carlos Velez-Ibanez (University of California) participated. They shared caution towards intervention programs, which overlook people's own saving and credit practices, and leave no space for diversity and diversification.

The conference was greatly appreciated by most participants. Many new contacts and new ideas emerged as a result of this event. In due course, we hope to succeed in publishing a selection of the presented papers. It is our wish to continue collaboration in the coming years. Hopefully, we can witness a remake of this conference in the near future. In the meantime, those interested are invited to visit our website:

<http://www.sls.wau.nl/law/livelihoodsavingsdebt>

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PHD'S IN PROGRESS

Current PhD projects in economic sociology in Europe.

Young researchers are kindly requested to send in a brief description of their PhD project. Please indicate first: Name of PhD candidate, title of the project, Department, University, City, Postal Code, and email address. Then give a concise description of the project, not much longer than approximately 200 words.

Please send project descriptions to be included in the next issue of the Newsletter before September 1 as an email attachment to the Managing Editor at:

es@pscw.uva.nl

Satisficing and Decision-Making

Name: Marco Giulio Castellani

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Title: The "Aspiration level" in the Search and Satisficing Process. Task Environment and Organizational Dimensions in the Decision-Maker's Cognitive Representation

Project description:

This project examines, in an experimental context that takes advantage of a business game, the search and satisficing process which decision makers follow by seeking, finding and elaborating informations and alternatives. The aim of the plan is to verify the significance of task environment and organisational dimensions by focusing on four scenarios that are built to simulate,

on one side, an increasing task environment complexity and, on the other one, different organisational models. These combined situations are studied to understand how the 'aspiration level', a concept linked with the original formulation of Simon's bounded rationality, changes in decision makers' cognitive representations, in response to modified values of the main important variables. The methodology of the study has a cognitive pattern inspiration and is based on the use of particular tools such as cognitive mapping technique, repertory grid technique and a general exploration of agents' inferential procedures. The whole analysis plays upon an interdisciplinary perspective of strategic decision making, in order to shed light on the process undertaken by agents in a bounded context of choice, which affects their individual 'aspiration level' and, consequently, the judgement about the alternative they consider satisfactory for the problematic situation they are involved in.

Globalisation and the Welfare State

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Title: The Political Economy of Trade and Financial Openness: The Role of the Welfare State in OECD Countries

Project description:

Why do developed countries not use cross-border barriers in order to respond to the dangers of globalisation? Are welfare regimes conducive the integration of markets? Most of the recent literature tries to understand whether bigger governments on the face of globalisation survive so as to be able to qualify the effects of the internationalisation of markets for less advantaged social groups. However, not much is known about whether national institutions favorise the reduction of cross-border barriers.

The compensation provided by welfare regimes to the disadvantages of globalisation can be viewed as a functional equivalent to economic closure.

Consequently, it can be hypothesised that domestic social protection can favour a political consensus to trade and financial openness. In particular, it can be expected that, in the face of increasing economic internationalisation, more extensive welfare institutions correspond to less closed markets.

In order to verify this hypothesis, this project will proceed through a quantitative and a qualitative comparative analysis. Regarding the quantitative analysis, a pooled time series analysis will be carried out, using a data matrix composed by 16 (OECD) countries x 24 years (1970-93). Variables utilised are collected from several data sets assembled by international organisations (IMF, OECD and World Bank) and U.S. researchers (Dennis Quinn and others). Regarding the qualitative analysis, an historical comparison of German, Japan Sweden and United Kingdom will be carried out. These cases have been chosen because they are characterised by different welfare regimes and exposition to international economic flows.

Just Published

Economic Sociology (Electronic Journal)

Published through the Internet at <http://www.ecsoc.msses.ru>

A new electronic journal 'Economic Sociology' is on the Web since the Fall of 2000. Chief-editor and editor are Vadim Radaev (radaev@hse.ru) and Sergey Eremin (ecsoc@msses.ru) respectively. The main objective of the journal is to introduce the outcomes of most recent research in the field and to share relevant information with scholars engaged in the enterprise of economic sociology. Russian speaking professional audience is the main target group. Thus, a major part of texts are presented in Russian though some papers can be found in their original English version. Given a scarcity of electronic resources related to economic sociology in the Russian Internet this new venture is viewed as an important development.

'Economic Sociology' is a bi-monthly journal, released in five issues in an annual volume (July-August are excluded). The fourth issue (Vol. 2, No. 2, March 2001) is now available. The fifth issue is expected in May 2001. Each number contains about 150 standard pages on average (approx. 1-1.5MB in PDF format). Free access is provided.

Apart from the journal, there is a special page of most *important news* on the site. It is renewed on a weekly basis. Each Journal issue presents papers and information organised along the following rubrics:

'*New Texts*' presents most recent original papers in economic sociology and institutional economics.

'*New Translations*' offers translations which have just been finished and prepared for publication.

'*Insight from the Regions*' invites papers of scholars from the provincial universities of Russia.

'*Debut Studies*' gives the floor to the best MA and PhD students.

'*Professional Reviews*' is devoted to the state of the art in different countries. We are thankful to the Economic Sociology European Newsletter for providing excellent reviews for translation. Major electronic resources relevant to economic sociology are reviewed in this section as well.

'*Book reviews*' attracts attention to the most important books published in Russia and abroad.

'*Research projects*' presents the outlines of ongoing research carried out by Russian scholars in the field.

'*Teaching Courses*' gives wide access to reading lists of advanced lecture courses.

'*Conferences*' shares information on events which already happened or are planned for the future.

Genèses – sciences sociales et histoire (No. 41, 2000)

Editorial address: Rédaction Genèses, IRESCO, 59-61 rue Pouchet, 75849 Paris cedex 17, France. Subscriptions: Editions BELIN, 8 rue Férou, 75278 Paris Cedex 06, France.

The French journal for historical social science, *Genèses*, has published a thematic issue on “How to describe transactions?” Following up on an earlier theme issue on “Economic ethnography” (no. 25, 1996), it contains four papers in French dealing with various forms of exchange. Here are the titles in both French and English:

- Jean-Pierre Hassoun, “Le surnom et ses usages sur le marché à la criée du Matif: contrôle social, fluidité relationnelle et représentations collectives/Nicknames and their Use on France's Open Outcry Financial Futures Markets. Social Control, Fluid Relations and Collective Representations” (pp. 5-40).
- Elsa Faugère, “Transactions monétaires en pays kanak/Monetary transactions among the Kanaks” (pp. 41-62).
- Marie Cartier, “Le calendrier du facteur: les significations sociales d'un échange anodin/The Postman's Calendar: the Social Meanings of an Ordinary Exchange” (pp. 63-84).
- Florence Weber, “Transactions marchandes, échanges rituels, relations personnelles: une économie ethnographique après le grand partage/Market Transactions, Ritual Exchange, Personal Relationships. Economic Ethnography after the Great Divide” (pp. 85-107).

Sociologie du travail (volume 42, no. 4, 2000)

Editorial secretary: Marion Ranval-Zizine, IRESCO, 59-61 rue Pouchet, 75849 Paris cedex 17, France. Subscriptions: Elsevier, subscription department, 23 rue Linois, 75724 Paris cedex 15, France.

Coordinated and introduced by Michel Lallement and Jean-Louis Laville, the well known French journal *Sociologie du Travail* has dedicated a special issue to the analysis of the third sector. Belonging neither to the market nor to the public sector, the third sector comprises a growing number non profit associations, cooperatives, local initiatives, which have gained new attention since the 1980s. The title of the articles:

- Jean-Louis Laville, “Le tiers secteur: un objet d'étude pour la sociologie économique/The Third Sector: A Subject of Study for Economic Sociology” (pp. 531-550).
- Marthe Nyssens, “Les approches économiques du tiers secteur: apports et limites des analyses anglo-saxonnes d'inspiration néo-classique/Economic Approaches to the third Sector: The contributions and Limitations of Neo-Classical Analysis” (pp. 551-565).
- Adalbert Evers, “Les dimensions sociopolitiques du tiers secteurs : les contributions théoriques européennes sur la protection sociale et l'économie plurielles/ The Third Sector's Social and Political Dimensions: European contributions to the Theory of Social Protection and the Plural Economy” (pp. 567-585).
- Eric Bidet, “Economie sociale, nouvelle économie sociale et sociologie économique/The Social Economy, the New Social Economy and Economic Sociology” (pp. 587-599).
- Jean Gadrey, “Le tiers secteur comme objet d'étude : quel objet, quelles études: quelques commentaires sur les contributions précédentes/The Third Sector as an Object of Study: what object, which study” (pp. 601-606).

European Societies (Vol 3, No 1, 2001)

Subscriptions: Routledge Journals, Taylor & Francis Ltd., PO Box 25, Abingdon, Oxon OX14 3UE, UK.

The latest issue of **European Societies** (Vol 3 , No 1, 2001), the official journal of the European Sociological Association, is a special issue entirely devoted to **New Economic Sociology in Europe**. It contains five papers, which were originally presented during the Stockholm conference which was organized by Richard Swedberg and Jens Beckert last year, plus a seven book reviews.

- Richard Swedberg and Jens Beckert, "Foreword" (pp. V-X)
- Patrik Aspers, "A Market in Vogue: Fashion Photography in Sweden" (pp. 1-22)
- Nigel Dodd, "What is sociological about the Euro?" (pp. 23-39)
- Johan Heilbron, "Economic Sociology in France" (pp. 41-67)
- A. Javier Izquierdo, "Reliability at Risk: The Supervision of Financial Models as a case study for reflexive economic sociology" (pp. 69-90).
- Frédéric Lebaron, "Economists and the Economic Order: The Field of Economists and the Field of Power in France" (pp. 91-110)
- Reviews of books by Pierre Bourdieu, Luc Boltanski and Eve Chiapello, Carlo Trigilia, V.V. Radev, Miriam Glucksmann and others (pp. 111-130)

ANNOUNCEMENTS

The Social Organization of the Economy

A major one-day conference on “The Social Organization of the Economy” will take place at the Centre Lillois d’Etudes et de Recherches Sociologiques et Economiques (CLERSE) on **June 8, 2001**, in Villeneuve d’Ascq (Lille) in France. The conference will be in French and has six parallel workshops. Here is the program in English:

Workshop 1 A: Cooperation, Competition and Social Networks (Part 1)

Camille Chaserant (Université Paris X), *Contracts & Networks*

Sébastien Plociniczak, Université (Paris XIII), *The Coordination of Economic Activities by Networks*

Emmanuel Lazega (Université de Lille 1) and Lise Mounier (LASMAS, Paris), *Interdependent entrepreneurs and the social mechanisms of cooperation : A program for a structural economic sociology in a society of organizations*

Alexandre Mallard, Thomas de Bailliencourt, Laurence Dhaleine (France Telecom R&D), *Is the Telephone Soluble in Economic Anthropology ?*

Christian Licoppe (France Telecom R&D), *A Missing Mass in the Socio-Economic Analysis of Networks.*

Workshop 2 : The Sociology of the Informal Economy

Sylvie Mazzella (CNRS, Marseille), *North African Shopkeepers in the Urban Economy*

Alain Tarrus (Université de Toulouse), *New Migratory Forms*

Lamia Missaoui (Université de Versailles Saint-Quentin-en-Yvelines), *Cross-Border Psychotropic Drug Trafficking*

Dominique Duprez (Université de Lille 1), *Informal Economy and Drug Rings*

Thierry Godefroy (CNRS, Paris), *From the Informal Economy to White Collar Crime : An Example of Laundering*

Workshop 3 : The Political Embeddedness of the Economy

Frédéric Marty (ENS Cachan), *Techniques of Management and the Institutional Configuration of Markets : the Case of the Electric Industry in France*

Florence Jany-Catrice (Université de Lille 1), *The Uses of Labour in the Catering Business in France and the US*

Laurent Bazin (Université de Lille 1) and Monique Selim (IRD, Paris), *Political Diffractions of the Market (Ivory Coast, Vietnam)*

François Eymard-Duvernay (Université de Paris X), *Principles of Justice, Unemployment and Exclusion in France and the United Kingdom*

Frédéric Lebaron (Centre de Sociologie Européenne, Paris), *The Internationalization of Economics and the Construction of a New World Order*

Workshop 1B : Cooperation, Competition and Social Networks (Part 2)

Samira Guenif et Valérie Revest (Université de Paris XIII), *Network and Exchange : the Case of the NASDAQ*

Hélène Rey-Valette (Université de Montpellier), *Interpreting Interaction: Between Individual and Collective Decision*

Antony Kuhn et Thomas Froelicher (Université de Nancy 2), *The Emergence of Cooperation in a Region*

Pierre-Paul Zalio (ENS Cachan), *Competition, Cooperation and the Evaluation of Others in the Marseille High Society in the Beginning of the XXth Century*

Michel Grossetti (Université de Toulouse), *A Study of the Relations Between Science and Industry*

Workshop 4 : The Social Construction of Labour Supply

Benjamin Dubrion (Centre Walras, Lyon), *Human Resources Management Techniques and Economic Theory*

Bernard Baudry (Centre Walras, Lyon), *Employees Evaluation Techniques and Economic Rationality*

Martine Pernod-Lemattre (Université de Lille 1), *Different Techniques of Time Management*

Yvan Guichaoua (CEPREMAP, Paris), *Professional Integration of Young People Without Qualifications*

Franck Bailly et Guy Maurau (Université de Rouen), *Migration and the European Labour Market*

Jean Dilip Sen Gupta (Université de Lille 1), *The Role of Relational Networks in Recruitment*

Workshop 5 : Rethinking the Market

Isabelle Guérin (Centre Walras, Lyon), *The Uses of Money by Women in Precarious Position*

Jean-Pierre Chanteau (Université de Grenoble 2), *The Role of Social Representations in the Economy : the Case of Industrial Relocation*

Daniel Urrutiaguer (Université de Paris X), *The Judgement of Professional Intermediaries about Theatre Performances*

Marie-France Garcia-Parpet (INRA, Centre de Sociologie Européenne, Paris), *The Social Construction of Demand : The Case of Wine Critics*

Pascal Ughetto (IRES, Noisy-le Grand), *Services and the Social Construction of Markets*

Franck Cochoy (Université de Toulouse), *The Market of Welfare Benefits*

Philippe Steiner (Université de Lille 3), *The Social Construction of the Gift*

For any information, please contact : Sophie-Goyat, CLERSE, Faculté des Sciences Economiques et Sociales, Université de Lille 1, 59655 Villeneuve d'Ascq Cedex France.
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NOTE FROM THE EDITORS

Dear Reader,

this issue completes the second volume of the *Economic Sociology, European Electronic Newsletter*. Editing three issues of the Newsletter has convinced us even more that it fulfils an important function in the developing field of economic sociology in Europe. The issues of the Newsletter in this volume have seen country reports on the UK, the Netherlands and Spain. Also, there were short articles, such as those by Reinhard Blomert on the sociology of finance (issue no. 2) and by Geoffrey Underhill about international political economy (this issue). There have been reports on interesting workshops and conferences on topics such as the social study of finance (Muniesa, issue no. 1), social capital (Bravo, issue no. 2) and microfinance (Lont, this issue). And finally, there were book reviews, conference announcements and overviews of recently published literature.

The steady increase in the number of readers of the Newsletter, the number of recipients now totalling more than 500, further shows that there is a clear demand for this sort of publication. One thing, however, has not yet been sufficiently picked up by the readership and that is the section “PhD’s in progress”. Unfortunately, we have been able to report only on a limited number of projects. In this last issue of volume two we therefore again call on all those writing a doctoral dissertation in economic sociology to send in a short description of their theses. It is very important for those in the field to learn about new research and – perhaps even more so – about new researchers!

The editorship of the Newsletter continues to rotate annually. The next volume will be edited by Jens Beckert (Freie Universität, Berlin). The email address of the Newsletter itself will remain unchanged at es@psew.uva.nl

Best regards,

Johan Heilbron
Arnold Wilts