

Levin, Peter

Article

Read and recommended: Recent literature in economic sociology

Economic Sociology: European Electronic Newsletter

Provided in Cooperation with:

Max Planck Institute for the Study of Societies (MPIfG), Cologne

Suggested Citation: Levin, Peter (2005) : Read and recommended: Recent literature in economic sociology, Economic Sociology: European Electronic Newsletter, ISSN 1871-3351, Max Planck Institute for the Study of Societies (MPIfG), Cologne, Vol. 6, Iss. 3, pp. 29-30

This Version is available at:

<https://hdl.handle.net/10419/155852>

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READ AND RECOMMENDED
RECENT LITERATURE IN ECONOMIC SOCIOLOGY

Peter Levin

Barnard College
plevin@barnard.edu

Two pieces of economic sociology I would like to recommend are a book and an article. The book is Vicki Smith's *Crossing the Great Divide: Worker Risk and Opportunity in the New Economy* (ILR Press, 2001). The article is Fabrizio Ferraro, Jeffrey Pfeffer, and Robert Sutton's "Economics Language and Assumptions: How Theories Can Become Self-Fulfilling" (*Academy of Management Review*, vol. 30(1), January 2005, p. 8-24). These two pieces represent varied currents within economic sociology. The book grounds discussions of labor market transformations and uncertainty in a detailed empirical analysis of workers in three different industries. The article provides a potential venue for joining discussions of economists-as-experimenters with more traditional cultural and institutional analysis.

Vicki Smith's book is not brand new but certainly warrants a wider read. It provides an example of the fruitful cross-fertilization of economic sociology and studies of work. She examines changes in the new economy that shift risks from companies to labor. She conducted extensive interviews and observations in a timber mill, a copy-services company, a high-tech firm, and at a white-collar job search service. Growing numbers of temporary and contingency workers labor under various forms of uncertainty: some (like the copy-services workers) were likely to maintain their jobs but to move from business to business. Others (like the timber mill) faced uncertain prospects over their continued long-term employment.

The upshot of her book is that while some jobs provide skill-sets that benefit their employees, the new economy shifts a significantly greater degree of risk onto workers themselves. What is compelling here are the ways these forces of opportunity and risk overlap; low-end workers benefit from the added autonomy of "workplace participation," at the same time they are subjected to an increasing array of costs. One comes away from *The Great Divide* with a better understanding of the complexities and nuances of flexible accumulation, both as an analytical category and as experienced by workers.

Ferraro, Pfeffer, and Sutton's article swims in other economic sociology waters. They theorize questions asked by recent work in the traditions of science and technology studies (including those by Donald MacKenzie, highlighted recently in this newsletter): what is the relationship between economic theorizing and economic institutions? Their contribution is to provide a way to join discussions of "economists in the wild" with institutional analyses of how ideas become instantiated. What they find is that being empirically "correct" may sometimes be insufficient – and it may sometimes be unnecessary. The article reminds us that part of the task for economic sociology is to address a whole worldview of assumptions and normative expectations that underpin socio-economic activities. Theoretical mechanisms for going about this task are surely welcome.

Finally, I would note that there are a number of ‘memoirs’ that, while not fitting neatly into economic sociology, vividly illustrate the differences between markets in theory and markets in action. Two I have in mind are Peter Griffiths’ *An Economist’s Tale* and John Perkins’ *Confessions of an Economic Hit Man*.

These memoirs are first-hand accounts of the spread of Western-style capitalism to the developing world. Griffiths is an agriculturalist who was in a position to see (and ultimately halt) the potentially devastating effects of World Bank policies in Sierra Leone. Ideological commitments to markets would have led almost directly to widespread famine. Perkins, by contrast, was hired *precisely* to produce devastating effects for developing countries. As an ‘economic hit man,’ his job was to funnel monies to American corporations, via international aid organizations, and to bankrupt developing countries. Working in the private sector for the US National Security Agency, Perkins’ aim was to create dramatic political dependency through economic development, and to help US corporations get rich in the process. He did this not as a killer or spy, but as an economic consultant, simply by providing optimistic economic assessments of the benefits of massive aid projects.

Both books lend credence to criticisms of international development organizations, and to the ascendancy of Western-style market evangelism. They are reminders at a personal level that markets spread not just as a result of more efficient allocations of resources. Capitalism also spreads as a result of powerful institutions and agents promoting capitalist and Western interests - in these memoirs, power and politics matter more than economic efficiency. Economic sociologists should be (and are) well-positioned to understand these processes. These books are well worth a read.