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Note from the editor

Dear reader,

In this issue you will find a coda to the previous special issue on historical perspectives. Bruce Carruthers gives a plethora of reasons why economic sociology should take history seriously. The simple answer? 'Because it matters.'

Edward Nik-Khah provides a critique of Michel Callon's performativity thesis (see volume 6, no. 2 of this newsletter). Callon's and Donald MacKenzie's classical example of performativity are the spectrum auctions of the American Federal Communications Commission, where game theory allegedly was constitutive, not merely descriptive, of the auctions' design. On the basis of a detailed empirical account, however, Nik-Khah disputes the performativity thesis.

Niall Bond explains how Joseph Schumpeter was key in classifying Max Weber as a sociologist rather than an economist. In particular, while Weber redefined the limits

of the discipline of economics through the merging of the "social" and the "economic" in his notion of *Sozialökonomik* (social economics), Schumpeter rejected Weber's project in hostile terms.

In the interview series Frank Trentmann, director of the Cultures of Consumption research programme of the British Economic and Social Research Council (ESRC), answers ten questions about consumption. Fabian Muniesa of Ecole des Mines (Paris) recommends readers recent literature in economic sociology. As usual, you will find job announcements and calls for papers in the back of this issue.

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Why is the past also the present and future of economic sociology? On method, evidence, and topic

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Is historical sociology useful for economic sociology? The founders of sociology (e.g. Marx, Weber) would probably not have thought twice about this question, given how much their own economic and social analyses were steeped in historical knowledge. But perhaps we should not look to the disciplinary pantheon for guidance: maybe today's "cutting edge" research will shed some more relevant light on this issue. The recently published second edition of the *Handbook of Economic Sociology* (Smelser and Swedberg 2005) offers a convenient way to address the topic, and seemingly it provides a clear answer. In summary chapters written on topics ranging from business groups (Marc Granovetter), markets (Richard Swedberg), consumption (Viviana Zelizer), work (Andrew Abbott), the state (Fred Block and Peter Evans), and education (Mary Brinton) to gender (Paula England and Nancy Folbre), transition economies (Lawrence King and Iván Széleányi), and money (Carruthers), history is ever-present. Essays range freely through the centuries, deploying data, results and examples from across time to make arguments of contemporary relevance. These historically thick discussions are motivated by much more than just an antiquarian impulse; they pointedly engage history despite strong incentives to focus on the present (relevance, timeliness, ease of study, etc).¹ In many different ways, they reflect and interrogate the "historicity" of the economy. Alternatively, a recent edited collection of essays by historical sociologists (Adams, Clemens and Orloff 2004) illustrates how much the economic realm remains a focus of historical sociology (see especially the essays on transitions to capitalism, social provision, the economy, professions, and bureaucratization of the state). It seems that economic sociology and historical sociology are frequent partners. In this essay, I would like to suggest several reasons why history and historical analysis have become so central to the enterprise of economic sociology.

Within U.S. sociology, the resurgence of historical sociology dates from the 1970s and 1980s, motivated in part by neo-Marxist studies of macro-political events like revolutions (e.g. Thea Skocpol, Jack Goldstone), class formation (Craig Calhoun), the rise of the nation-state (Charles Tilly, Perry Anderson), and the formation of the capitalist world-system (Immanuel Wallerstein). Thanks in part to the political turmoil of the 1960s, issues of power and conflict had returned to the sociological agenda. The resurgence of economic sociology occurred slightly later, during the 1980s and 1990s, and was linked to the development of formal network analysis (Granovetter 1985, White 1981). Transaction cost economics (Williamson 1975) was an important early target because it had attempted to bring institutions systematically within the framework of economics. While useful as a motivation to devise a sociological alternative, the sociological critique reflected a tendency that (unfortunately) has continued to this day: defining economic sociology as what economics is not.

The coincidence of these two developments created some interesting intellectual opportunities. Among other things, scholars drawing on both research traditions were able to analyze the dramatic changes unfolding in Eastern and Central Europe during the early 1990s with a keen appreciation of the interdependencies between political and economic transitions (e.g. Stark and Bruszt 1998). Other scholars examining the continued unfolding of an integrated global economy were also able to focus on the political foundations of globalization (e.g. Fligstein 2001). Yet others follow Karl Polanyi (1944) and address the role of the state and public policy in stabilizing market economies by protecting important political groups (like working class voters) from economic risks and market-based instabilities of income or consumption (e.g. Moss 2002, Hacker 2002). In all such instances, scholars have analyzed the economy in relation to politics and political change.

Such sensitivity to the connections between markets and politics was no accident, for these are the links that shape the basic institutions of a market economy. For an eco-

conomic sociology that seeks to examine the structure and role of institutions (e.g. the rules of the game), institutional variation is absolutely necessary. Sometimes historical events thrust such variation into the faces of researchers, but more frequently they must seek it out. This almost always moves the researcher toward comparative or historical studies. Comparison in the present can be very useful, but oftentimes it is historical variation that is most revealing. Furthermore, when path-dependent processes are at work (institutional lock-in, increasing returns, self-reproducing systems, etc.), it can be necessary to look to the past in order to make sense of present arrangements. Consider Kathleen Thelen's (2004) discussion of skill formation in four countries. By comparing the institutional arrangements that govern the creation of skills among workers in Germany, Britain, Japan and the United States, Thelen is able to show how varied the process is (despite globalization/convergence etc), but more particularly how deeply rooted it is in the political and institutional particularities of each country's history. In the case of Germany, these robust arrangements survived military defeat in two world wars, foreign occupation, the Great Depression, Fascism, and the Cold War.

Another fundamental economic institution with deep historical roots is property. It is virtually impossible to understand land law, intellectual property rights, or financial property (stocks, bonds, etc.) without a deep understanding of legal, political and economic history (Carruthers and Ariovich 2004). Property rights vary from one country to the next, and such differences can be as durable as they are consequential. Dramatic changes in property rights (such as the abolition of feudal property during the French Revolution, the nationalization of private property during the Russian Revolution, or the shift back towards private property in numerous transition economies circa 1990) demonstrate the institutional linkages between polity and economy. Also, the uneven diffusion of property rights systems around the world reflects the varied colonial experiences that exported British common law and French civil law (for example) to different parts of the world.

Historical analysis in pursuit of an economic sociology agenda can take advantage of that which bureaucratic organizations are especially adept at creating: written records. Since a high proportion of early writing was devoted to mundane activities like tracking property, recording economic transactions, collecting taxes, resolving commercial disputes, etc. (Goody 1977), the existing historical evidence is predisposed toward the study of eco-

omic and organizational activities. Furthermore, merchants were among the most literate and numerate of social classes and hence more likely to leave behind a substantial paper trail. McLean and Padgett's analysis (1997) of Florentine social, political and economic networks rests heavily on a welcome Florentine propensity to keep and preserve good records. My own research (Carruthers 1996) on the early 18th-century London stock exchange would have been impossible but for the hard-working clerks of the Bank of England and East India Company. Scholars have made good use of court records (e.g. Muldrew 1998, Finn 2003) to understand the changing social meaning of debt.

Lest one think that reliance on this kind of historical evidence restricts an economic sociologist to the "brute facts" of material life, consider recent studies that address the cognitive and performative aspects of the economy. Drawing on science studies, MacKenzie (2003) analyses the Black-Scholes option pricing model as an artifact-cum-cognitive-device that traders in options markets used in pursuit of their financial interests. MacKenzie tracks how traders adopted this formula after its "invention" and diffusion in the early 1970s. The pricing model did not merely describe financial reality, it in many important respects constituted the new reality of options trading. Yakubovich, Granovetter and McGuire (2005) discuss how the growing U.S. electrical industry "decided" at the end of the 19th-century on a method to price its product, choosing in a very political fashion between two alternatives. The pricing mechanism for electricity was an institutionalized accomplishment rather than merely an abstract point where marginal cost and marginal revenue lines intersected. Lounsbury and Rao (2004) and Zhao (2005) discuss the cognitive categories that bring order to markets in intangible (mutual funds) and tangible (wine) goods, respectively. Lounsbury and Rao show how and when product categories evolved over time, while Zhao examines an instance where category systems became nationally embedded and so proved to be remarkably durable. American wine is classified primarily by grape variety, while in France wine is classified according to region, and both category systems have endured despite the fact that both countries produce for a world market. As Zhao (p.181) points out, category systems matter because of how they confer identities, exert social control, enable sense-making, create boundaries, and signify social standing. No economic sociologist would be surprised to learn that these processes are ubiquitous in markets. Going even further back in time, one can interpret basic

business methods like double-entry bookkeeping in the early modern period as a technique for performing the cognitive and legitimation work that underpins rational action (Carruthers and Espeland 1991). These studies all make use of original sources to discern how economic actors perceived, interpreted and categorized their environments.

Another important issue in economic sociology that benefits from historical analysis has to do with the formation of the fundamental unit of modern economic life, namely the corporation. If the corporation is conceived of as a nexus of contracts or as the optimal response to transaction cost problems, then corporate history may seem pretty irrelevant (except as a “just so” story). But if one is willing to relax assumptions about rationality and efficiency, then corporate history becomes a much more contingent and fateful tale. The links between politics and economics were especially direct for early corporations as incorporation (the granting of a corporate charter) typically required a special act on the part of a legislature or sovereign government. Parliamentary favors were almost always political favors, and hence the foundation of a corporation was essentially a political deal out of which flowed economic consequences (witness the establishment of the Bank of England in 1694, for example). The western corporate form evolved, borrowing large organizational elements from the Catholic Church (Lancaster 2005) but also acquiring features that were quite novel (e.g. limited liability). The modern corporation possesses a triple identity, as a unitary economic actor (thanks to legal personality, perpetual succession, etc), as a divisible form of property (thanks to liquid corporate shares that can easily be traded on a stock market), and as the terrain for individual organizational careers (thanks to highly structured internal labor markets). The legal and political exigencies that shaped corporate history are anything but a “just so” story, as many economic sociologists have shown (Roy 1997, Dobbin 1994, Fligstein 1991).

There are other specific questions in economic sociology where use of historical evidence has been advantageous, but I do not intend to list them all here. And doubtless clever young economic sociologists will think of even more ways to pillage the past than I can envision at present. But I do anticipate that economic sociology will increasingly turn and return to history. In summary form, the three reasons why this is so encompass method, evidence and topic. So long as economic sociologists maintain an interest in basic economic institutions, they will need institu-

tional variation in order to study these topics. And such variation is often found historically. Economic sociology can also exploit the fact that primary archival evidence frequently privileges the topics that interest it. With all due respect to Carlo Ginzburg (1980), it is generally much easier to study agricultural production in the 16th c. than it is to examine the world view and mental maps of 16th c. millers. Finally, economic sociology must embrace history because the phenomena of interest are inherently historical: their structure and dynamics were forged in the past and are inexplicable outside of historical context. We must embrace history because it matters.

Endnote

1 The “presentist” orientation is particularly acute for economic sociologists working in business school. MBA students want to know what GM or Microsoft are doing today. They have little interest in what the East India Company did in the 18th century, no matter how illuminating such an exercise might be from a theoretical standpoint.

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Eliminating the “social” from “Sozialökonomik”¹

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In the early twentieth century, the limits of the discipline of economics were redefined when the “social” and the “economic” were merged in the discipline *Sozialökonomik*, a term promoted by Max Weber. These limits had been problematised before in the *Methodenstreit*, which had opposed the Austrian economist Carl Menger and the German historical economist Gustav von Schmoller in the 1880s. A recurrent Austrian critique of “Germanness” in economic thought culminated in the excommunication by Joseph Schumpeter of Max Weber, the political economist who had commissioned Schumpeter to write a history of economics in the large-scale, multi-volume project, “*Der Grundriss der Sozialökonomik*”.

In this paper, we relate Schumpeter’s hostility to considerations of “social” motives beyond a purely “economic” orientation to epistemological, psychological, political and ideological factors. Epistemological and substantive positions behind *Sozialökonomik* – a discipline aimed at describing historical reality by *understanding* what the actions of individuals were intended to mean – were advanced by Schumpeter as grounds to eliminate Weber from the field of economics, using arguments that had been anticipated by Carl Menger in his own bid to set Germany’s derailed national tradition of economics back on track.

Schumpeter’s representation of Max Weber was to evolve from his personal acquaintance with Weber in the *Grundriss*, to his dismissal of Weber in his *History of Economic Analysis*. Schumpeter’s first foray into the history of economic thought was his contribution to the *Grundriss der Sozialökonomik* under Weber’s direction in 1914, initially projected as *Lehr- und Handbuch der politischen Oekonomie* (Schumpeter 1914). The change in the title for copyright reasons must have been less congenial to Schumpeter than to Weber. Though the Schumpeter biographer Kesting points to the honour of being appointed by Weber (Kesting 1997), he does not grasp the opposition between Schumpeter’s and Weber’s positions. For as

early as 1908, Schumpeter had been hostile to the notion of the “social” in economics.

Schumpeter’s rejection of the study of the “social” goes back to his article “On the concept of Social Value,” in the *Quarterly Journal of Economics* in 1908. The notion of “social value” was introduced into the “‘modern’ system of theory” by economists such as Jevons and Walras. As Schumpeter writes: “At the outset it is useful to emphasize the individualistic character of the methods of pure theory. Almost every modern writer starts with wants and their satisfaction, and takes utility more or less exclusively as the basis of his analysis. Without expressing any opinion about this *modus procedendi*, I wish to point out that, as far as it is used, it unavoidably implies considering individuals as independent units or agencies. For only individuals can feel wants.” (Schumpeter 1908: 213)

“Marginal utilities” are for Schumpeter “the basis and chief instruments of theoretical reasoning; and they seem, so far, to relate to individuals only. For two reasons we have to start from the individual: first, because we must know individual wants; and, secondly, because we must know individual wealth.” For Weber, by contrast, “marginal utility” was not the sole motive for producing, and modern theory and the classical system did not represent an exhaustive system of analysis.

Schumpeter defines “want” in such a way as to be indifferent to all motives: “Theory does not suggest that these wants are necessarily of an exclusively egotistical character. We want many things not for ourselves, but for others; and some of them, like battleships, we want for the interests of the community only. Even such altruistic or social wants, however, are felt and taken account of by individuals and their agents, and not by society as such. For theory it is irrelevant why people demand certain goods: the only important point is that all things are demanded, produced, and paid for because individuals want them.” He then dismisses the notion of “social wants” in a market society, asserting that “the only wants which for the purpose of economic theory should be called strictly social are those which are consciously asserted by the whole community ... This case is realized in a communist society. There, indeed, want and utility are not as simple as they are in the case of individuals.” (Schumpeter

1908: 215) Schumpeter's utilitarianism lead him to conclude that a non-communist society is necessarily an aggregate of independent agents seeking solely to fulfil individual wants. Understanding why they want what they want is of no relevance.

Surely, Weber's understanding of the "social" does not imply collective actions or orientations. For Weber, the "social" in his expression "*social action* designates meaningful human action oriented around others, including such institutions as the market." Our actions occur within human configurations, conditioning even those actions that concern individual wants. The notion of the social in *Sozialökonomik* means individual orientation that takes account of other humans who are as inexorably a part of our world as our wants.

It is due among other things to his hostility towards the "social" that Schumpeter progressively expels Weber from the field he had taught throughout his academic career. While in a eulogy to Weber in 1920, Schumpeter pushes Weber gently towards sociology, in the *History of economic analysis*, he gives him several shoves. In 1920, after Weber had died, Schumpeter lavished praise, presenting him outstanding against a generally mediocre background of German economics and social sciences and a politicisation which, because of limited channels for political energies, was so extreme as to make deep and rigorous research rare. Contemptuous of the reverence German academics showed for authorities and the state as arbiter to the detriment of individual freedom, Schumpeter decries the weakness of the achievements and personalities in German academia, as well as its conventional, predictable discourse (Schumpeter 1920).

It was against this drab background that Max Weber shone as a beacon of unconventionality and leadership. Whether loved or hated, he commanded respect in Schumpeter's eyes; while his students and immediate following loved him with unparalleled intensity, a distant following held him in reverence. He reigned over specialists, formed intellectual currents, and his influence was a symptom and a cause of contemporary German history, transcending the confines of his specialised discipline (Schumpeter 1920). Max Weber had forced "his" discipline to accept the fact that a science could not dictate what should be or happen. There was no economic policy which one could clearly associate with his name comparable to the idea of free trade and Adam Smith or protectionist tariffs for infant industries and Friedrich List or

social policy and the *Kathedersozialisten*. Schumpeter noted that Weber imposed value neutrality as a measure of self-discipline, requiring economists to renounce their "dearly felt desire" to feel like moral leaders to present partisan views as scientifically proved fact (Schumpeter 1920, in 1954: 110–111).

According to Schumpeter, Weber's "original achievements in the field of the methodology of the social sciences" were not the product of idle speculation, but were conceived of through tangible problems, remaining in "relation to his major sociological works." Schumpeter praised the "positive substantive knowledge and logical acuity" with which Weber tackled "major issues of principle of historical causality, historical necessity and historical development, the relationship between social conditions and socio-psychological 'superstructure', the relationships between tangible, social processes and general knowledge of regularities"; in no other author did methodology and productive research converge so fruitfully as in the work of Weber. His epistemological writings became an arsenal not just for sociological methodology, but also sociological theory. Weber's "impassioned drive for knowledge was ejaculated, unflinching, over unbelievable masses of facts" (Schumpeter 1920, in 1954: 115). It was in "undiminished glory, as a living power in Germany's intellectual life" that Weber "suddenly left us as one of those men about whom we do not even wonder whether they are replaceable and one of the blessed who give the world the feeling that they have only received a fraction of what they could have given" (Schumpeter 1920, in 1954: 117).

Yet at the close of the article, Schumpeter's design to transfer Weber to sociology becomes apparent. "Above all, he was a sociologist. It was only indirectly and secondly that he was also an economist – although he was a sociologist who focused primarily on economic phenomena" (Schumpeter 1920, in 1954: 112–114). Having eased him out of economics already in 1920, Schumpeter was to dismiss Weber in *History of Economic Analysis*, where he concludes that Weber was not an economist at all. Yet the work does not clarify what an economist is, or, as Cott and Lallement point out, what Schumpeter "meant by 'economic phenomena.'" In fact, in defining "economics", he adopts three heterogeneous principles, first enumerating "the main 'fields' now recognised in teaching practice", albeit with "no claim to completeness" (Schumpeter 1955, quoted Cott / Lallement 1996: 10). Secondly, he establishes an essential "kernel" of the discipline as "all the prices and quantities of products and productive ser-

vices that constitute the economic 'system'" which had remained central "from Child to Walras" (quoted Backhouse 1996: 21). This criterion is external, inasmuch as it describes observable phenomena expressed as pecuniary references. And thirdly, he applies an internal criterion, namely the idea that an "economic" orientation is aimed at maximising gain, again expressed as money.

The question of what economics is or should be harks back to earlier debates, inter alia the *Methodenstreit* inaugurated by Carl Menger's attack on the Historical School. Menger acknowledged the ambiguity as to what *Volkswirtschaft* in point of fact covers (Menger 1883: vii). An assumption that Menger and Schumpeter seemed to share is that at least for the purpose of theory all of the *external* economic phenomena necessarily must issue from or be explained through *internal* economic orientation, i.e. that economic activities – acts of production, saving, consumption – are necessarily the outcome of rational choice in the procurement and deferral of pleasure. This assumption leaves no space for reflection on factors impacting acts of production, saving and consumption that are not those of rational choice – factors that historicist economists include in their descriptions of economic activities and factors that may be possible to integrate into regularities. These issues of the relationship between theory and history are the basis for Weber's discussion of Roscher and Knies, and reemerged in Schumpeter's and later dismissals of Weber, such as recently by Peukert (Peukert 2004: 988).

The historicist, Romantic critique of Smith's model had taken issue with an understanding of human nature that was unrealistically obsessed with profit, (e.g. Müller) and with Smith's assumption that differing wealth between nations was due only to individuals engaging in commerce (e.g. List). Romantic historicism bombarded classicism with charges of "materialism, chrematism, calculation... atomism, individualism ... absolutism in solutions ... isolating economic phenomena ... the use of a static approach ... and the use of an inadequate empirical basis for the deduction of regularities and laws" (Sombart 1930: 144–151). Those charges were reformulated discerningly by Weber, who did not see rational hedonism as the sole motive for production. For Weber, one source of "economic", i.e. value-producing behaviour of the founders of capitalist culture, had been the contrary of rational hedonism, namely religious asceticism (Weber 1904b), in *social* economics (Weber 1921).

Weber uses the term "social economics" to broaden the scope of legitimate economic speculation. The terms with which "economics" was described had evolved in Germany from "*Nationalökonomik*", a term adopted by admirers of Smith to refocus from mercantilism's concern with the state over to the wealth of nations as *societies*. The term was then reinterpreted by List, who rejected free trade theory's cosmopolitanism and the liberal "*Nationalökonomik's*" lack of concern for national interests. Weber marked the turn towards *Sozialökonomik*, which unlike its French cousin, "*économie sociale*" was less concerned with social engineering or policy than with motives that impacted behaviour on the market that were not profit-oriented. *Sozialökonomik* proved a useful term for an economic discipline concerned with remaining value neutral and thus eschewing a nationalist political agenda, while broadening its scope beyond a rational, pecuniary orientation. When Alfred Marshall used "economics" to replace "political economy", Schumpeter noted that "a parallel usage was introduced, though less firmly established, in Germany. The word was Social Economics, *Sozialökonomie*, and the man who did more than any other to assure some currency to it was Max Weber" (Schumpeter 1955: 21, footnote 1).

The development to which Schumpeter points (cf. Swedberg 2000, 2005) is both telling and ironic – ironic, because the work most associated with the term "*Sozialökonomik*" – Weber's *Economy and Society* – would, but for a copyright dispute over the initial title, *Handbuch der politischen Ökonomie* have been branded *politische Ökonomie*. And while Marshall's agenda was the removal from economic theory of politics, Weber's agenda was to enrich economic analysis with considerations of "social" factors.

Sozialökonomik is clearly the heir to historicist economics, because it considers history not as a continuous expression of economic laws, but as a unique "concatenation of circumstances" that can be interpreted with reference to laws of economic theory. Sombart later referred to an "understanding" *Nationalökonomik*, drawing from hermeneutics, historians, such as Droysen versus Buckle, philosophers such as Dilthey, Windelband, Rickert and Simmel, and legal scholars such as Stammler, so as to constitute a science that was at once empirical, cultural and social (Sombart 1930: 155–156). Schumpeter, by contrast, wrote of these very authors (Windelband, Rickert and Dilthey) that while meaning "no disrespect to those eminent men ... when they proceeded, with enviable

confidence, to lay down the law for us, they drew an entirely unrealistic dividing line between the 'laws of nature' and 'the laws of cultural development' or the 'formulation of laws' (*nomothesis*) and 'historical description' (*idography*)", and "failed to add the proper qualifications to their arguments", misleading "the many economists who listened to them". "But let us note the striking saying of Dilthey that reads like a motto of Max Weber's methodology: 'We explain the phenomena of nature; we understand the phenomena of the mind (or of culture)'" (Schumpeter 1955: 777). This tetchiness is remarkable – none of those philosophers sought to lay down the law for economists. However, they did show the weaknesses of the liberal assumption of an objective historical progress of wealth accumulation by rational humans pursuing their individual best and contributing to the collective best.

Schumpeter then attacks Weber by association. The "'immanent interpretation' of historical processes", Schumpeter writes, "evidently raises very serious methodological problems as regards the nature of the intuitive understanding of the individuals and civilizations it involves." Schumpeter points to a "close affinity" between the principles of immanent interpretation and "those of Max Weber" (Schumpeter 1955: 425). "Sociologists like Max Weber ... may easily drift into the position that the use of any concepts not familiar to the people under study involves the error of assuming that their minds functioned just like ours. ... if, in terms of concepts of our own, we formulate the conditions for maximizing profits, we need not assume that the businessman himself uses these concepts; our 'theory' is perfectly meaningful even if we know that he does not" (Schumpeter 1955: 34). When expressing his hostility towards understanding actors, Schumpeter derides untenable positions that Weber had opposed: Weber liberally coined terms to describe remote historic configurations without worrying that the terms had not existed at the time.

The issues Schumpeter addressed in rejecting Weber's *Sozialökonomik* had been anticipated by Menger in his criticism of historicism. While singling out German economics for criticism (Menger 1883: v), Menger acknowledged that economic methodology had been more concerned with establishing the object of the discipline, than with methods. Menger distinguishes between "the individual" and "the general", writing that unschooled minds which could grasp the individual for practical life had greater difficulties with the general, whence the need to

explain the difference between "historical sciences" and "theoretical sciences". Menger asserts that the field of economics was primarily theoretical, and aimed at establishing those regularities in man's behaviour derived from "economic" interest. (Menger 1883: viii) Schumpeter would go yet farther, seeing economics as dealing *exclusively* with the pursuit of pecuniary interest.

In tangible phenomena, one can find recurrent forms, and Menger calls relations between such forms *types*. Relations in sequences, developments and coexistence are typical; the phenomena of purchasing, money, supply and demand, price, capital and interest rates are types, and the regular fall in prices following the increase of supply, the rise in prices following the rise in means of payment, the drop of interest rates following substantial capital accumulation are typical relations (Menger 1883: 4). Menger creates a divide between sciences that describe and sciences that theoretise. In fact, no historic science can dispense with generalisations which equip it with its concepts, and no science can be strictly generalising without recourse to series of descriptions of individual configurations from which types are derived and which make it possible to verify or to falsify the theories. (Adam Smith was less concerned with heuristic tools than with developing a historical explanation, for which he designed ad hoc heuristic tools.) In economics, Menger saw a divide between individualising (historical or statistical) economics and generalising (theoretical) economics with discrete tasks. A third form of sciences taught not what was, but what ought to be, and in economics, such normative (or for Menger, *practical*) sciences were finance and economic policy (Menger 1883: 5–7). Menger does not address motives other than the purposive rational. His object is to assert the primacy of theoretical economics. He mistakenly equates (nomothetic) theory with rational economic action and (idiographic) history with factors outside rational economic action. And he flirts with the fallacious assumption that an individualist method in economics must necessarily look to actors in an economy and a society as individuals pursuing their own "economic" interests.

Confusing the "collective" and the "social" with the "individual" and the "utilitarian" also typified early anti-utilitarian contemporary thinkers who described collective "development". Menger addresses his critique of historicism against the founder of the legal Historical School, C. v. Savigny, who had asserted in 1815 that there was "no such thing as a fully individual existence", and that all human existences were inextricably bound up in the life of

their family and their people, representing the continuation and development of previous ages. Though he is right to reject an understanding of history as the growth and evolution of a single organism, Menger ignores the behaviour of individuals that is not in the pursuit of “individualist” “economic interests”. The basis of his brand of methodological individualism is that a *Volkswirtschaft* – the economy of a people – is neither a single big economy nor one that is opposed to or coexists with the single economies within the people, but a “complex of single economies” (Menger 1883: 82). Menger thus repudiates the reproach of „atomism” in economic theory (Menger 1883: 86–87), as formulated by the legal historian Savigny (Savigny 1815). His idea that economics looks solely at complexes of rational individuals with wants was taken on part and parcel by Schumpeter. Yet it had been surpassed by Weber’s more sophisticated *understanding* methodological individualism, which discerned economic behaviour beyond the simple rational pursuit of wants. “The theory of marginal utility”, as Weber observed, was also “subject to the law of marginal utility” (Weber 1908).

The understanding of the whole as a complex of individuals applies not just to economic but to all human phenomena. Menger opposes his individualism to the “organicism” of the Savigny (Menger 1883: 83). Savigny’s and Menger’s methodological positions are both defensible and incomplete; for to understand men within the historical development of their communities requires isolating individual strands so as to give their actions and motives names, a point neglected by Savigny; and “economic” activity – *Wirtschaften* as a verb in German – can be better and more clearly construed when set against other motives of human behaviour – the “social” referred to in “*Sozialökonomik*” – a point missed by Menger in 1883. In the second edition of his *Principles of Economics* Menger distinguishes between the technical activity behind added value (*technische Richtung*), and the accumulative activity (*sparende Richtung*) in economic action. Weber’s central thesis of *The Protestant Ethic and the Spirit of Capitalism* hinges upon the idea that accumulation is an effect and not a cause of work, so Menger’s comment may have been inspired by Weber, although Swedberg notes that Menger did not actually possess any of Weber’s writings (Swedberg 2000: 301). Gustav von Schmoller responded promptly to Menger’s *Investigations on the Methods of the Social Sciences and especially Political Economy* in an article in Germany’s leading journal on economics, dismissing the division of economics on the basis of methods (Schmoller 1883). Menger’s response to

Schmoller’s „impatient and unseemly” defense of historicism added nothing to his initial argument (Menger 1884: iii, vi).

Weber is indebted to Menger for framing the issue of methodological individualism so clearly, (cf. Weber 1903: 130 or Weber 1908: 396) and expands the scope of methodological individualism. Kesting’s comment that Schumpeter produced “the first formulation of the notion of methodological individualism, (Kesting 1997: 13) is therefore incorrect. Weber credits Menger for focusing on types, but sides with Schmoller on the issue of where it is expedient to create a disciplinary divide between theory and history. *Sozialökonomik* is neither strictly theoretical nor historical, but a vision of economics in which all acts of value creation and consumption have meanings that can be *understood*. Like Menger’s theory, it forms types – Weber’s considerations of the “ideal-type” are vastly indebted to Menger – but it employs them beyond the limits of economic rationalism in describing reality. While for Menger, economic theory should only consider profit-orientated motivations, Weber explores action more audaciously, considering traditional, affective and value orientations.

The crucial role of type formation in all theory eludes Schumpeter when he writes that the “method of (logically) Ideal Types ... inevitably involves distortion of the facts.” “Unfortunately, Max Weber lent the weight of his great authority to a way of thinking that has no other basis than a misuse of the method of Ideal Types. Accordingly, he set out to find an explanation for a process which sufficient attention to historical detail renders self-explanatory.” For Schumpeter, ideal types involve a “fundamental methodological error” (Schumpeter 1954: 80–81) and “there was no such thing as a New Spirit of Capitalism in the sense that people would have had to acquire a new way of thinking in order to be able to transform a feudal economic world into a wholly different capitalist one. So soon as we realize that pure Feudalism and pure Capitalism are equally unrealistic creations of our own mind, the problem of what it was that turned the one into the other vanishes completely” (Schumpeter 1955: 80). Schumpeter sees economic growth as “self-explanatory” and he resents Weber’s attempts to relate Capitalism to historically unique factors. Weber adopts Menger’s notion of “types” to surpass the latter by probing beyond the rational, while Schumpeter reverts to a pre-critical understanding of theory which ignores the roles of ideal types as tools to describe reality and not a mirror of reality and

which is exclusively absorbed with economic rationalism. In this respect, he pursues 'a complete discipline of economics in and unto itself', independent of history and based upon purely theoretical propositions (Kesting 1997: 112).

Schumpeter's account of Max Weber in his *History of economic analysis* – a work that distracted Schumpeter from quantitative economics (Schumpeter 1955: vi) – offers no insight into Weber's analysis of Western capitalism, instead banishing him as an intuitivist sociologist. Schumpeter claims Weber thought the sole purpose of acquiring knowledge was to understand meaning, though Weber stressed the diversity of motives for research, while acknowledging that the specificity of human sciences is that we *can* understand motives behind action. Schumpeter writes, "in fact, he was not an economist at all. In a professional atmosphere which was not agitated by changes of currents, he would be labelled as a sociologist." Weber was a "typically German phenomenon, the roots of which are specifically German, and which has proved to be typically German in strengths as in weaknesses." Schumpeter likens Weber's approach with that of Comte – a position from which practically all historicist epistemology had distanced itself and which Weber disdained (Schumpeter 1955: 819). Schumpeter's misrepresentation of value neutrality, his inability to conceive of theory as heuristic tools in the service of empirical science as a historical narrative with no *telos*, and his dismissal of Weber's investigation of non-utilitarian motives are ideologically inspired. He admired *histoire raisonnée*, as he acknowledges in *Capitalism, Socialism, Democracy* (Schumpeter 1942) erroneously viewing it as an invention of Marx (cf. Kesting 1997: 130–131). Smith, like Hume and Ferguson, had developed *histoires raisonnées*, and Schumpeter's *Capitalism, Socialism and Democracy*, with its plea for a substantive rather than formal understanding of democracy as capitalism, reverts to Whig teleology. Schumpeter's methodological individualism differs from Weber's because it exclusively considers utilitarianism in individuals' actions, while for Weber, "individualistic" methods need not mean an adherence to "individualistic values in whatever possible sense." (Weber 1921: 9) Schumpeter's purging of economic analysis of any motive other than utility and his renunciation of the method of individualised *understanding* are consequences of his adherence to the individualistic *values* of capitalist liberalism.

Alongside envy and a rejection of understanding, Schumpeter's ideological grounds for banishing the "social" from economics are important for the post-war acceptance that Weber should be ignored by economists. Schumpeter felt that looking only at utility ensured a serene discussion of the issues, whereas for Weber an exclusive focus on utility ignores issues that objectively factor into actors' reality – issues of equity or social and cultural values. The battle Schumpeter undertakes against historical understanding is a fight against culture and its values. The neutrality Weber championed in the defence of cultural and social values provoked the ire not just of capitalist but also of Marxist utilitarians.

The choice of Schumpeter in his history of economic analysis to eschew understanding economic action historically shows how a sort of epistemological asceticism precluded the development of economics. By declaring any consideration of human motives beyond the margins of purposive rational action irrelevant, and by dismissing interdisciplinary enquiry with philosophy and other human sciences, Schumpeter consecrated a spectacular regression of knowledge. This purging of the social from socio-economics not only destroyed a wealth of concepts and considerations in the discipline, but also reinforced the idea that the restriction to economic rationale was not just a methodological desideratum of a specialised science, but an ethical desideratum for modern man on the market. It marks the slide into what Alexander Rüstow called the "religion of market economy", presaged by Carlyle's suggestion that the "dismal science" only served as religious underpinnings for industrialism. Schumpeter's amalgamation of democracy and capitalism mirrors past amalgamations of "substantive democracy" and communism and makes us "unfree to choose."

The historically informed socio-economics of Weber, which examines the value premises of its terms, allow individuals to engage in enlightened but not dispassionate consideration of their subjective interests. Although Weber acknowledges that scientific research is rendered obsolete within a generation, his methodological reflections on types and the human sciences are still topical, and his substantive work on history, although challenged, continues to set parameters for debates on motives. Weber modestly acknowledged that he had done little for economic theory (Hennis 1996: 117, fn. 7). Still, accumulation through asceticism is a regularity to be found not just in cloisters and Protestant sects but also in tiger economies in the Orient: it is a typical relation of production, con-

sumption and savings impacting price which continues to inspire analysis. Weber's socio-economic consideration of non-purposive-rational motives is not a repudiation of reason but the invitation to consider whether economic reasoning need chain our own value hierarchy to the price mechanism. To ignore non-market values not only transfers modern economics into a dismal science, but also modern lives into dismal ones.

The impact of Schumpeter's denunciation of Weber as a "sociologist" is difficult to appraise. Weber regarded himself foremost as an economist, and only engaged institutionally with sociology, as he wrote to his contemporaries, to give methodological rigour to a discipline dominated by dilettantes. As Swedberg has pointed out, he sought to "mediate between analytical and historical economics, and sometimes to go beyond both of them" (Swedberg 2000: 187). While sociologists were eager to declare Weber one of their own, post-war liberal economics was as ready to rid itself of the critical potential of Weberian socio-economics as it was to unload the ballast of socialist economics. Schumpeter, who also produced an ideological tract identifying democracy and capitalism, was a protagonist in making economics hostile to interdisciplinary enquiries. "Now our ability to speak of progress", Schumpeter writes of science, "is obviously due to the fact that there is a widely accepted standard, confined, of course, to a group of professionals, that enables us to array different theories ... in a series, each member of which can be unambiguously labelled superior to the preceding one" (quoted in Backhouse 1996: 39–40). But belief in unilinear progress and confining exchanges to some unnamed group of "professionals" are recipes for analytical regression: the former proceeds from the erroneous assumption that the object should always be considered from the same angle, and the latter does not take account of the views of those outsiders and interlopers from e.g. sociology, history or philosophy who have had a spectacular impact on economic thought. Placing Weber on either side of a disciplinary divide constitutes a loss for economics and sociology alike.

Endnote

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What the FCC auctions can tell us about the performativity thesis

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Michel Callon's performativity thesis has attracted a great deal of attention within the science studies and economic sociology communities. Donald MacKenzie has called it "the most challenging recent theoretical contribution to economic sociology" (MacKenzie and Millo, 2003:107), Richard Swedberg has characterized this work as "important" for economic sociology (Swedberg 2004), and Patrick Aspers has observed that it has been "embraced, used and admired, and today ... is in vogue" (Aspers 2005). Rather than engaging economic performativity at a purely methodological level, I examine how the thesis is actually used today. In particular, I subject the case identified by Callon and MacKenzie as one of their exemplary empirical instances of "performativity" – the American institution of a certain specific type of auction to allocate communications spectrum licenses under the auspices of the US Federal Communications Commission – to a skeptical audit. Game theory, writes MacKenzie, "was no longer an external description of the auction, but had become – as Callon would have predicted – a constitutive, performative part of the process" (2002:22). I will argue that the evidence does not support the widespread impression, apparently shared by both the economics and science studies communities (Guala 2001; MacKenzie 2002; Parkin 1998), that economists' game theoretic accounts of auction theory dictated the format of the auctions adopted, and therefore rendered the economists' theories 'true' by construction.

Background

In 1994 the US Federal Communications Commission (FCC) commenced for the first time the practice of auctioning spectrum licenses to the highest bidder. The process of determining the best method of selling off rights to control certain frequencies of the electromagnetic spectrum was marked by another innovation: the heavy involvement of academic game theorists, practitioners of

one of the most abstract mathematical fields of economics, often thought to exist at a remove from practical problems. Once the first set of auctions were complete, and the dollar tally came in, those economists gleefully took credit for what was initially perceived as a highly successful performance. Within economics the episode has become the textbook exemplar of the practical relevance of game theory, and was directly responsible for the choice of at least one Nobel Prize recipient. Ten years after the close of the first round of auctions, fascination with the incident continues unabated, as evidenced by the attention given it by the science studies community.

Performativity's "research and development" account

In depicting the FCC auctions as the outcome of an instance of performativity, Callon and MacKenzie follow the work of Francesco Guala, who has developed an account of the FCC auctions as "a tour de force from [the] preliminary identification of the target to the final product" (2001:455). The US Congress established the "target", which was an auction that would meet several organizational, distributional, and macroeconomic goals. The "final product" was, in Guala's terminology, an "economic machine" which was representative of "our best science and technology"; he ultimately judged it to have been a "success" (2001:474–475). The "economic machine" account works by focusing on a stylized notion of techniques used in product research and development,¹ and derives its evidence almost exclusively from a few published accounts of the major game theory participants. From this vantage point, an R&D process takes place not only in the "abstract realm of theory", but also in the "university lab" (475), the different locations corresponding to different stages in the systematic process of developing a fully functioning "machine". Similarly, the performativity narrative is concerned with the construction of "calculated collective devices", and with the methods economists use to construct a "relationship between a market simulation in a laboratory and the actual 'scale one' market" (Callon and Muniesa 2003:9). The performativity narrative regards itself as following the econo-

mists around as they overcome difficulties and obstacles in the development process, some involving the “multiple constraints imposed by the FCC”, and others arising from the “nature of the goods” themselves (Callon forthcoming).² It is worth noting that neither Guala nor Callon have actually followed any economists around in this instance; what they followed instead is a subset of the economists’ own self-serving accounts published after the fact, or as related in interviews.³

While Callon stresses the inability of economic theorists to provide a “turnkey solution”, “the increasing role of experimentation in market engineering”, and the need for participants to “adopt a logic of compromise” (forthcoming), the economists who participated in the FCC auctions were quite prepared to admit that “the theory does not specify an unambiguous best form for the spectrum auction” (McMillan 1994:151), that experimental economists participated in the construction of an operational auction (Kwerel 2004; McMillan 1994), and that the final outcome represented a successful collaboration between several participant groups (Kwerel and Rosston 2000:261). Furthermore, they – like Callon – identified the characteristics of the spectrum commodity and the establishment by the government of “multiple aims” for the auctions as the primary reasons for abandoning the use of formal methods (McMillan 1994; also see McMillan et al 1997). Therefore, the most striking aspect of the performativity account is how little it adds to the firsthand accounts given by the participating economists.

Both the firsthand accounts provided by the economists and the performativity account tend to obscure the process of determination of the goals, the methods by which the economists were recruited by interested parties, and the *social* maneuvers used to deal with the presence of incompatible aims. As Callon (forthcoming) puts it, “It is not the environment that decides and selects the statements that will survive; it is the statements that determine the environments required for survival.” But in this particular instance an awareness of the different objectives pursued by the distinct participants is indispensable to understanding how the FCC auctions finally materialized.

The FCC auctions: a suggested reading⁴

It is commonplace for accounts of the FCC auctions to begin with a discussion of the stipulation of several goals for the auctions by the US Congress. This is a particularly

important feature of the performativity narrative, because it gives the impression that the goals for the auctions were propounded independent of the process, before it began. In fact, Congress charged the FCC with several goals pertaining to industrial organization, macroeconomics, and distributional equity. The FCC, however, would eventually take the position that all these complicated considerations should ultimately be reduced to the narrower “economic efficiency”, and that the most appropriate goal to pursue should be to award licenses to their highest valued users (FCC 1993:34; 1994:70).

By replacing the goals of Congress with their preferred “efficiency” criterion, the FCC staff economists were able to ground their policy analysis in game theory, the true significance of which was not, as has been commonly asserted, the substitution of political with scientific considerations (McMillan 1994; Milgrom 2004), but rather the enrollment of a specific group of academic game theorists into the FCC’s policymaking process. Academic game theorists were first invited to participate following the FCC’s release of a *Notice of Proposed Rulemaking* (NPRM) for Personal Communications Services licensing. In every rulemaking process, the FCC is required to ask for comments from “interested parties” – broadcasters, telephone companies, equipment manufacturers, industry groups, government agencies, and to a far less extent consumer groups – that would be affected by changes in administrative rules. This particular set of rule changes would be met with heated debate, as Congress punted the most contentious political issues to the FCC (Galambos and Abrahamson 2002:163–164). In response, FCC Chairman Reed Hundt hit upon the idea of calling for the involvement of game theorists. The appearance in the NPRM of a call for game theoretic analysis of auction policy was unprecedented, and gave certain interested parties the idea of hiring academic game theorists to further their objectives.

Those hoping to ground controversial public policy in uncontroversial science would soon be disappointed, as the enlistment of an increasing number of game theorists resulted in a remarkably diverse array of inconsistent recommendations concerning auction specifications, and ultimately a failure to produce any clear cut recommendation. One plan for the auction of licenses called for a sequence of English auctions (Weber 1993a; 1993b), a second called for a sequence of Japanese auctions (Nalebuff and Bulow 1993a; 1993b), and a third called for simultaneous sales of all licenses (McAfee 1993a; 1993b; Milgrom and Wilson 1993a; 1993b).⁵ Some proposals insisted

on admitting combinatorial bids for bundles of geographically linked licenses while others favored restricting bids to individual licenses only. The sticking point was that game theory supplied no global discipline with regard to the type of recommendations tendered: a game theorist could legitimately support any of an array of auction forms by stressing one set of information properties over others. Participants in the run-up to the spectrum auctions have acknowledged that game theory was unable to provide a knock-down argument for the optimality of a specific auction form (McAfee and McMillan 1996:171; McMillan, Rothschild, and Wilson 1997:429). A performativity account might attribute the lack of a determinate recommendation to the essential inadequacy of “abstract theoretical reflection” for the development of a working product, but faulting arid abstraction does not begin to get to the heart of the matter. The lack of a determinate recommendation was less a disagreement over the significance of various learning effects than it was a disagreement over the *aims* for the auction. While there was ample room for disagreement over the efficiency properties of the auction proposals, it is clear that firms’ narrowly constituted interests played a major role in the policymaking process:

[T]he business world was fully aware of [the strategic significance of] the rulemaking process and had engaged many groups of consultants to help position themselves. Businesses understood that the rules and form of the auction could influence who acquired what and how much was paid. The rules of the auction could be used to provide advantages to themselves or their competitors. Thus a mixture of self-interest and fear motivated many different and competing architectures for the auctions as different businesses promoted different rules (Plott 1997:606).

The most prominent “consultants” used by businesses to “position themselves” were the academic game theorists. Several firms responded to the FCC’s NPRM by lobbying for preferred sets of auction rules, and some – mostly Baby Bells and their progeny – enlisted academic economists to draft supporting comments: Nynex hired Robert Harris and Michael Katz of California-Berkeley; Telephone and Data Systems⁶ (TDS) hired Robert Weber of Northwestern; Bell Atlantic hired the Yale economist Barry Nalebuff and Jeremy Bulow of Stanford; Airtouch⁷ hired R. Preston McAfee from the University of Texas; Pacific Bell hired Paul Milgrom and Robert Wilson from Stanford. In accepting their role as consultants, the economists participated at the convenience of their clients:

... [Pacific Bell Attorney James] Tuthill, who organized Pac-Bell’s lobbying before the FCC, knew it would be crucial to hire an expert who could figure out where, amid the highly technical details of the auction proposal, PacBell’s interests lay ... He wanted someone who could speak plain English and come across to the FCC as more than just an opinion-for-hire. “If it’s just another party coming up and telling our line, that isn’t going to be effective” ... During the summer before the FCC released its auction plan, Tuthill’s staff drew up a list of games [sic] theorists ... By the time the FCC’s plan was in the hands of PacBell’s competitors, the company had signed a contract with Milgrom and Wilson. Although Wilson was a more senior professor, Milgrom was assigned the lead role because he was willing to lobby (Thelen 1995).

The requirements that economists would have to figure out where their clients’ “interests lay” and be “willing to lobby” deepened the controversy over the auction form, while decoupling proposals from the pursuit of anything resembling the public interest. The absence of a global theory of auctions (and the internal difficulties of the Bayes-Nash approach) provided opportunity for disagreement, but the high-stakes setting within which the design process took – along with the establishment of consultant relationships with most of the theorists – virtually ensured it.

The clearest example of businesses using economists to promote different auction architectures is provided by the assortment of comments pertaining to the use of a combinatorial auction.⁸ While all participants were in agreement that a combinatorial auction would ease the aggregation of licenses, detractors characterized this easing as “biased” while supporters characterized it as “efficient.” One economist – a consultant for Pacific Bell was remarkably candid about the relationship between corporate strategies and the proposals made:

In the US telecommunications spectrum auctions, sophisticated bidders anticipated the effects of packaging on the auction and lobbied the spectrum regulator [the FCC] for packages that served their individual interests. For example, the long distance company MCI lobbied for a nationwide license which, it claimed, would enable cell phone companies to offer seamless coverage across the entire country. MCI knew that if such a nationwide license plan were adopted, it would exclude existing mobile telephone service providers from bidding, because those providers were ineligible to acquire new licenses covering areas that they already served. In the same proceeding, regional telephone companies such as Pacific Bell lobbied

for licenses covering regional areas that fit well with their own business plans but poorly with the plans of MCI (Ausubel and Milgrom 2005:2).

Firms seeking nationwide coverage – not only MCI, but also Bell Atlantic and Nynex (Andrews 1994; Galambos and Abrahamson 2002; Skrzycki 1993) – supported nationwide package bidding, while firms pursuing regional strategies – Pacific Bell and Airtouch (Galambos and Abrahamson 2002; Kwerel and Rosston 2000:262; Thelen 1995) – supported licenses covering regional areas, and opposed package bidding. In between the two groups stood TDS, which favored package bidding, but only for regional groupings across license bands and not for a nationwide license. TDS was pursuing a regional strategy and had no intention to seek a nationwide collection of licenses (Murray 2002:270; Weber 1997:534).

In an ironic twist, the task of determining the public version of what academic game theory ultimately dictated fell to the FCC. Though the multiplicity of aims and proposals forced the FCC to display some creativity in conjuring a “consensus” recommendation for the auction form – the simultaneous-multiple round-independent auction [SMRI] – the SMRI auction did possess the virtue of being broadly consistent with the concerns of a distinct group of large telecoms who were united by their fear of being leapfrogged by MCI, which would assume a commanding position if it acquired a nationwide license.⁹

Working out the details of the never before implemented SMRI turned out to require more elaborate competencies and redoubled efforts beyond those deployed in the initial rounds of the public policymaking process. Consequently, experimental economists were recruited to participate in the design of the auction. Though the performativity account fosters the impression that it was the pesky abstractness of theory that prompted the inclusion of experimental economists, it was actually the adoption of a seemingly innocuous proposal of some game theorists to computerize the auction that unwittingly endowed experimentalists with their most important role. Attempts to produce a prototype auction failed.¹⁰ The FCC was thereby induced to seek help from the only economists who had actually produced a computerized auction, and it devolved to the experimentalists to accept major responsibility for coding the auction. Experimentalists did not view themselves primarily as software engineers or troubleshooters or *bricoleurs*, but rather as a distinct professional group in possession of their own ideas about how to design mar-

kets.¹¹ For our present purposes, it is possible to reduce the differences between game theorists and experimentalists to three primary areas of disagreement:¹²

1. While game theorists tended to represent markets as Bayes-Nash games, experimentalists represent them as combinatorial optimization procedures. Experimentalist market theory has roots in Walrasian general equilibrium theory, and particularly in efforts searching for determinate, Pareto optimal, price adjustment processes. They were particularly concerned with the existence of a competitive equilibrium in the presence of complementarities, and noted that complementarity produces a nonconvexity in the consumption set, which, if serious enough, rules out the existence of a competitive equilibrium (Banks et al 1989:2–3). In the absence of a competitive equilibrium prices no longer suffice to coordinate agents to optimal allocations (Ledyard et al 1997:656). The attainment of competitive equilibrium is generally not a concern for game theorists.¹³ What absorbs their attention, rather, is the putative mendacity of participants, who are the ultimate sources of information about the economy. For game theorists all the action happens in the mind of the participant, modeled as an inductive machine assumed to “learn” through Bayesian inference, while for experimentalists most of the action happens in the price adjustment process, conceived as a price discovery device.
2. Game theorists want to improve the “price system” by increasing the amount of information it provides, while experimentalists seek improvements in its capacity for information processing. Game theorists focus on methods for discovering and publicizing the information that they assume to be already dispersed in the minds of participants. While experimentalists are undeniably interested in the same information, they focus their efforts mostly on finding procedures – or “smart markets” – that will make best use of this increased access to information. This focus on construction of a tractable optimization program (a difficulty for integer-programming problems because they are computationally burdensome) encourages experimentalists to treat the market rules as an algorithm. There is no such equivalent imperative for game theorists, who provide only the most stylized descriptions of markets; they conceive of their machines abiding inside of peoples’ heads. While experimentalists tend to black box the mind to study features of the exchange

process, game theorists black box the exchange process to focus on treating the mind as an inference engine.¹⁴ As a consequence, it has been the experimentalists who have tended to foster appreciation of the importance of the sheer diversity of market forms.¹⁵

3. While game theorists generally judge the success of a market in how it assists learning, experimentalists tend to judge it by the reliability of the successful execution of trades. This is reflected in the different criteria used by the two groups. Game theorists pursue the criterion of ex post Pareto optimality (The bidder who would create the most value from owning the license wins it); experimentalists pursue ex ante Pareto optimality (The bidder who values the license the highest at the outset acquires it). These differences in criteria are responsible for different styles of arriving at a "solution": The experimentalists' prescription is frequently described as the product of a balancing act between "full central processing" of information, which relies on the processing algorithm to use the information, and "decentralization", which relies more on participants to use information. Because game theorists are only concerned with the "processing" that takes place in the heads of the participants they are concerned only with producing a form that maximizes the amount of information given to the participants.

Though experimentalists advocated for adoption of "smart markets", they ultimately failed to convince the FCC. They were limited by the client group they were engaged by – the NTIA (the US federal agency responsible for managing government spectrum usage). But when charged with the computerization of the auction, they took over responsibility for determining what criteria the market algorithms would meet. This work looked very much like the "bugchecking" that characterizes the manufacture of all computer programs – a practical activity directed at the development of an operational product – but actually freighted in a theoretical element as well. Banished were concerns with issues of learning, and the criterion of ex post Pareto optimality came to be trumped by 'technical' issues of computation and practical imposition of coordination and the criterion of ex ante Pareto optimality. But while the participation of experimentalists would significantly diminish game theorists' effective participation in the process of 'putting flesh on the markets', the experimentalists actually promoted the success claims of game theorists by encountering and resolving nagging

inconsistencies and ambiguities of the SMRI (Ledyard et al 1994; Plott 1997).

Conclusion

To review, the performativity narrative informs us that the FCC sets the goals for the economists to attempt to achieve, subject to Congressional constraints. My narrative finds fault with such an account for its portrayal of the economists, telecoms, and government officials as a single undifferentiated team united in pursuit of the pragmatic operability of a "machine". The FCC thought the economists might help them exert some control over the process of the allocation of spectra, but maybe they were a bit naïve. Game theorists and experimentalists were not necessarily 'on the same page', seeking to bridge the inevitable gap between pure science and its applied contexts. Everyone was busily trying to recruit everyone else, although some 'actants' – viz., the telecoms – were unequivocally 'more equal' than everyone else. Once the diversity of aims and understandings has been accounted for, we are left with a story in which some economists managed to redefine the goals for the government to achieve, subject to the telecoms' veto, while letting a different set of economists bask in the limelight and take the credit.¹⁶

The auctions as they finally materialized were a curious amalgam of technical achievement and crude politics, but the flat ontology of 'actants' and networks has only served to obscure the actual causes of events – most notably, the pivotal role of the telecoms in orchestrating the outcome. While space considerations have prevented reaching a final verdict on the performativity thesis here, clearly what is needed is a treatment of this thesis that stresses the connection of economic performativity to the research program of actor network theory, and would then show how performativity's R&D account is a logical outgrowth of that program. Finally, it would relate the shortcomings of its account of the FCC auctions to a broader discussion of the consequences of adopting its precepts for the larger project of science and technology studies. I would argue (Mirowski and Nik-Khah, forthcoming) that the enthusiasm for the doctrine of performativity is fostering a situation where science studies will come to increasingly resemble neoclassical economics, if not serve as its cheerleader.

Endnotes

1 For instance, Guala conflates the way a Walrasian theorist uses the terminology of ‘mechanisms’ with the way it is used by philosophers of science such as Nancy Cartwright and John Dupré. The terminological conflation is not harmless. A better history of postwar mechanism design in economics can be found in Lee (2004) and in Nik-Khah (2005).

2 The citations of Callon (forthcoming) refer to a draft version of a paper that might be subject to revision, and is scheduled to appear in a forthcoming book.

3 It should be mentioned that Guala appears to have different aims than Callon. Guala believes that “interpretations of a scientific theory (in the natural and the social sciences) should take applied science as their point of departure” (Guala 2001:453), and there uses that method to provide a philosophically motivated intervention to the debate over rational choice theory. His argument is that rational choice theory can be made to work with an understanding of its “real capacities.”

4 Many aspects of this sequence of events will be related here in only the most cursory manner. However, they are covered in detail in Nik-Khah (2005).

5 An English auction is one for which prices increase, with the bidder placing the highest bid winning the item. A Japanese auction is similar to an English auction, but all participants are considered active bidders until they drop out. Studies of the formal properties of ascending auctions frequently substitute the Japanese auction for the English auction.

6 TDS is a member of the American Personal Telecommunications family of cellular providers that today goes under the marketing name of US Cellular.

7 At the time of the proposal, Airtouch was a wholly owned subsidiary of Pacific Bell with plans to spin off prior to the auctions.

8 The combinatorial auction is not the only example of using economic expertise to ‘lobby the spectrum regulator’, merely the most celebrated. Nearly every conceivable aspect of the auction proposals – from sequencing the sales to the release of bidder identities – conformed to the interests of the client telecoms.

9 MCI’s decision not to participate in the auction was the direct result of the successful persuasion by game theorists of the FCC to reject nationwide combinatorial bidding (Thelen 1995).

10 The extent of this failure is on vivid display in the experimentalists’ report to the FCC of their tests of the auction software (Ledyard, Plott, and Porter 1994).

11 There is a relationship between this observation, and the point made by Galison (1997) that experimentalists as a group have conceptual traditions themselves not determined by the beliefs of theorists. The route of the experimentalists to market

design through Walrasian mechanism design (and not game theory) is discussed by Lee (2004).

12 The full contrast is provided in Nik-Khah (2005).

13 There has been considerable misunderstanding of this point. For example, Guala tends to conflate Nash game theory with Walrasian general equilibrium theory: “Complementarities are one of economists’ nightmares, because models of competitive markets with goods of this kind in general do not have a unique equilibrium and are unstable. No theorem in auction theory will tell you what kind of institution will achieve an efficient outcome” (2001:458). The ramifications of complementarity for uniqueness and stability have no place in auction theory, only in general equilibrium theory. However, one should admit that textbooks often elide this distinction to foster the impression of the unity of microeconomics.

14 Game theorists displayed no appreciation of the computational features of the market. The ways in which experimentalists tend to neutralize the vagaries of the minds of their subjects is discussed in Mirowski and Lee (2003).

15 This case is made with greater specificity in Mirowski (forthcoming).

16 This begs the question about the basis for presuming the auctions were, in fact, successful. I argue elsewhere (Nik-Khah 2005) that the auctions actually failed to meet both the goals established by Congress and those mooted by the participating game theorists.

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Frank Trentmann answers ten questions about economic sociology

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1. How did you get involved in studying consumption?

I became interested in consumption in the early 1990s, as a graduate student in history. There were two main routes for me. Looking back now it is curious that these two routes were initially quite separate interests and have only come to converge more recently. First, there was my own doctoral research on Free Trade culture in modern Britain. I was intrigued by the ways in which ideas about consumption, citizenship, and commerce came together in the decades before the First World War. All of this ran counter to the moralistic condemnation or neglect of the consumer as citizen that was still dominant in public discourse in the early 1990s. The second route was via growing attention in cultural history to the significance of consumption in the creation of sensibility, social identity, and taste; I benefited from a graduate seminar with Simon Schama, after his *Embarrassment of Riches* had been published. It is only more recently that these two routes have come to converge – that scholars separated consumption into groups concerned with culture from those concerned with political culture had of course all sorts of institutional and historiographical reasons, but it also blinded us to a whole range of important shared questions and developments.

2. Could you name books or articles that have profoundly influenced your own thinking about the topic?

Simon Schama's, *The Embarrassment of Riches* (Berkeley and Los Angeles, CA.: University of California Press, 1988) remains an unrivalled exploration of the multifaceted ambivalence towards material goods and affluence. It offers a rare combination of being sensitive to material culture in everyday life as well as to public discourses and representation. And it remains a model of weaving together a general argument out of the rich threads of consumption as practiced and understood by the Dutch in the seventeenth century.

Mary Douglas and Baron Isherwood, *The World of Goods: Towards an Anthropology of Consumerism* (London: Routledge, 1996); I continue to use this slim book in the classroom because it remains a very effective and clear presentation of the sociality of consumption, and a powerful antidote to moralistic condemnations of individualist consumerism.

Elizabeth Shove, *Comfort, Cleanliness and Convenience: The Social Organisation of Normality* (Oxford: Berg, 2003); Shove has produced a real gem with this book, unravelling the histories, technologies, and shifting practices that create, transform, and terminate the most basic forms of ordinary consumption.

Appadurai, Arjun, *The Social Life of Things: Commodities in Cultural Perspective* (Cambridge: Cambridge University Press, 1986). This wonderful multidisciplinary collection opened up fresh perspectives about the time/space relationship of consumption, challenging an all too easy conventional association of consumption with the "modern" West.

Sidney Mintz's, *Sweetness and Power: The place of sugar in modern history* remains the most creative trendsetter for the whole sleuth of commodity biographies that have followed. Unlike most historians, who have looked at consumption from within a particular national historiography or have focused on a particular city or region, this book offered a demonstration of how to look at consumption across space and time, and how to reconnect consumption to regimes of power, empire, and production.

3. In 1987, Collin Campbell could still write that the reason social scientists had by and large ignored consumption, was that they scorned the topic to some extent. In the last decade or so, however, consumption has turned into one of the more popular research themes in social science. What has made this sudden interest possible?

I think that was an overstatement. Much of the renewed interest in consumption developed out of poststructuralism – with its interest in the signs and symbols of consumer objects – and out of cultural studies – with its interest in subcultures, forms of transgression and resistance. What was different in the 1980s and 1990s was not so much a discovery of consumption – the Frankfurt school had a lot to say about commercial consumer culture, as did American critics in the age of affluence. Rather it was more a liberating move away from the position where consumption was viewed with suspicion in terms of a culture industry or advertisers manipulating consumers or of alienating people from their humanity.

However, we should note, and I want to emphasize this as strongly as I possibly can, that it is dangerous to engage in academic navel gazing and presume that public discourse as a whole naturally follows changing academic fashions. Rather, what we have seen, especially in the Anglo-Saxon world, since the 1980s is a divergence: celebrations of consumption in terms of lifestyle and identity and choice on one end, with continuing moral condemnation of ‘consumer capitalism’ or selfish individualists, luxury fever, and over-spending consumers on the other. Academic fragmentation of the topic of consumption has done little to help navigating a more interesting path between these polar opposites. If anything, there is still far too much of a negative moral attitude in media and public progressive discourse about the evils of consumerism.

From a historical perspective, the recent wave of studies on consumption is better viewed as a renaissance than a novel break. Much recent work is about rediscovering forgotten traditions and approaches – and social scientists entering the field now would do well to read more broadly outside the established canon of Veblen and Bourdieu. All too often social scientists presume that what they see in front of their eyes must amount to a novel concern, mentality, or problem – the recent interest in ‘caring at a distance’ and ‘ethical consumerism’ is a good point. But these are not simply a novel movement following on the heels of recent affluence and lifestyle politics,

but have longer traditions that stretch back in time. Significantly, the recent wave of interest in consumption, which coincided with an interest in globalisation and civil society, was preceded by an earlier wave of globalisation c. 1870-1914 where questions of consumption and citizenship and ethics equally came to the fore.

4. What are according to you the main recent developments in the field?

Recent renewed interest in the consumer as citizen; a shift in attention away from conspicuous consumption to ordinary consumption; in theory a concern with things and practices and the actual processes of consuming and using, rather than with status-seeking or distinction; spatial relations.

5. Consumption seems to be a multidisciplinary research theme *par excellence*, with an enormous research output lately in history, anthropology, sociology and cultural studies. Is there a danger that the field is and remains fragmented, or do you see convergence in approaches?

Fragmentation is a very serious challenge. In fact, it has tended to hide or obscure parallel developments in different disciplines where there is potential convergence. Multidisciplinary work and dialogue is a wonderful opportunity but it does not come naturally or easily in an academic system where much money and status and training remains anchored within particular disciplinary traditions. Consumption has been, perhaps, one main area in which points of contacts have been re-established between different disciplines that had been lost in the course of professionalisation in the twentieth century – e.g. material culture studies has helped to bring anthropology, design, sociology and some history together. But there remain large areas of consumption where dialogue and collaboration could be strengthened further. Just looking at main literature and references in publications on consumption by authors shows a remarkable and persistent gulf of what authors coming to the subject from different disciplines read in terms of theory and approaches. And much work that is in itself excellent is lost because authors are not aware of potential points of contact with neighbouring disciplines. This is a problem shared by all disciplines (though not by all authors within these disciplines), but it is particularly pronounced in the humanities with its inherited culture of individual research and publication.

6. Do you sense that there is any dialogue with the economics discipline?

This has been one of the more difficult challenges. Of course, we need to distinguish between economics as a home and subject matter, and neo-liberal economics as a particular approach within that. Some economists remain open to institutionalist approaches or political economy or, more recently, psychology. But, it is also perhaps fair to say that in liberal, neo-classical Anglo-Saxon economics, which became the most influential branch of economics in the course of the twentieth century, the type of questions and approaches associated with economics today are far narrower than in the days of Marshall or Edgeworth or Veblen in the late 19th-century. Cultures of consumption are often seen as soft or marginal by economists who look at 'culture' with suspicion – as the Nazi economist Joas said the word 'culture' makes him reach for his revolver. Similarly, many students of consumption in the humanities and other social sciences think economics is a waste of time because it is associated with methodological individualism and rational choice. Both sides contain some stereotypes which reinforce suspicions and make dialogue unnecessarily difficult.

7. You are the programme director of the Cultures of Consumption program. What is this programme exactly about? What made the ESRC and AHRC develop the programme?

The programme looks at changing ideas, practices, and materialities of consumption in a global context. It had a dual impetus. One was broadly academic: the renaissance of consumption studies in the 1980s–90s had produced all sorts of exciting research but it had also neglected important dimensions and questions of the subject. The programme is an attempt to explore those new dimensions, such as consumption and citizenship; the role of the home; relations between knowledge and consumption; and the local, metropolitan, and transnational dynamics of consumption. A second impetus was political – the research programme is funded by tax-payers' money. In the 1990s, public policy shifted attention to a more active demanding consumer across various areas of public policy, from consumerist initiatives in local government to cultural policy and social services. Where this form of consumerism has come from, how it has worked itself out, and with what implications for social identity, practices, and political sensibilities is an important question, especially in the

United Kingdom where reform of public services is a more charged political question than ever.

8. The programme seems to confirm that the UK is especially active in consumption research. Why do you think this is the case?

The public policy preoccupation with consumerism and choice is one explanation but this would be too narrow a view. There is, again, a far longer historical trajectory – it was in Victorian Britain that citizens first came to adopt the language and identity of consumers. Questions of how consumption relates to citizenship have been a well-established intellectual and political domain. And in many ways the last few decades have seen a return to a more commercial society and debates already under way in the 18th century. Of course, there were many social democrats in the mid-twentieth century who were skeptical about commercial consumption in Britain, too, but broadly and comparatively speaking, consumption in Britain never had the extreme phalanx of moral and social enemies it faced in many other European countries. In the academic world, the older trinity of class, production, and state as core subjects was breaking down earlier in Britain than, say, in Germany. This created room for a more serious reengagement with consumption in women's studies, cultural studies, sociology and history.

9. Do you sense there are significant differences between European and American approaches to the topic?

We could have a very long interview. Sharon Zukin and Jennifer Smith Maguire, two American sociologists, recently wrote in the *Annual Review of Sociology* (2004) that 'Until recently, sociologists in the United States have generally ignored the topic of consumption'. Whereas in the UK in particular, consumption has become a sort of master key to the universe, in the United States it continues to have to fight against a Cinderella image. Part of this has to do with the moral politics that continue to surround American debates about consumption – it is about the pathologies of consumption, be it overspending, luxury fever, or the collapse of democratic politics brought about by consumerism. It would be an interesting research question to ask why approaches and research questions which were effectively the same as those asked by critics of consumption in the 1940s–50s have remained so powerful in American academic discourse. This is curious, since in the late 19th and early 20th centuries, Ameri-

can intellectual debate about consumption was vibrant, diverse and extremely dynamic – think of Patten on affluence, Veblen on conspicuous consumption, and Dewey on choice and a critical, creative self. One must not homogenize Europe – the sociological interest in consumption in Germany is fairly recent and still not especially diverse either. Still, it is interesting to note how the range of questions and theoretical approaches developed by European researchers is different from that still favoured by American researchers. I should stress the exciting work that goes on outside the United Kingdom, be it on technologies in Holland, on routines in Finland, or cross-European networks studying food, water, utilities, etc. If anything, European research initiatives, funding, and collaboration have made European researchers more aware of diversity of the subject of consumption as a serious problem that demands attention and does not suit itself to simple models of Americanisation or core-periphery analysis.

10. Your own contribution to the program is about the genealogy of the consumer and also about consumption of water. Could you elaborate on your current research?

I have become intrigued by the figure of the consumer – who is this person and where does it come from? People tend to agree today that everyone is a consumer, but few have asked about the history behind this identity and category of knowledge and politics. Initially the consumer is not the shopper. In fact, the major expansion of commercial consumption in the transatlantic world and in Asia in the eighteenth century did not make groups talk of themselves or others as consumers. This is, initially, a political process. It is about what I call ‘synapses’, where particular political traditions such as radicalism and liberalism create a connection with ideas, interests, and anxieties about consumption, especially in areas of food, taxes and water. The broader intellectual contribution of this work is to disentangle ‘consumption’, ‘the consumer’, and ‘consumer culture’ or ‘consumer society’, which commentators and publics have rather casually together. It takes the diverse and shifting meaning of consumption seriously – using and using up were (and remain) an important tradition. It is also about retrieving the broader political, social and cultural domains in which the consumer arose in the past – such as water wars or battles over taxes and slavery – that easily get lost in celebrations or critiques of the consumer as individual shopper.

The water project is a detailed, closer investigation of these broader questions. Together with Vanessa Taylor I am involved in a research project on the evolution of water users into consumers. This is a historical project, mainly centred on Victorian and Edwardian London, but with some intriguing links to more recent debates about water use, waste, and the behaviour of users/consumers. The Victorian home was the site of a profound transformation as far as water is concerned – the spread of WCs, the bathtub, and also, importantly, the shift from intermittent to constant use (in the 1880s–90s). With these changes came new consumption practices and new ideas about status and entitlement. What interests me is how new uses and domestic technologies became connected to new public demands, especially calls for services to become more accountable to water consumers as citizens. Put differently, the reconfiguration of household technologies and practices occurred within an interesting reconfiguration of political space. It concerns the flow between private and public spheres. It also emphasises the importance of consumption outside a market setting. For water rates were tied not to consumption but to the taxable value of property. Water, in other words, is an eminently restless, liquid medium. And its changing flow into and out of households can help chart new currents between private and public. Too much of an older literature has posed the relationship in antagonistic terms as private versus public sphere – and, not surprisingly, has assigned consumption a negative place resulting in the commodification of rich social relations, a hangover of the Frankfurt School that left its mark on public intellectuals like Habermas. It might be useful to emphasize here that this binary form of thinking also originally tried to map a gender divide onto private and public spheres. Is this still sensible? We may want to note that the domestic users who mobilised as water consumers were initially male heads of households and citizens. Thinking about restless interiors is therefore also a potentially fruitful way of unsettling older binaries and to think instead about connections and disconnections between private and public.

Read and recommended: recent literature in economic sociology

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There is probably considerable consensus on the fact that Viviana Zelizer's *The Purchase of Intimacy* (2005, Princeton University Press) is one of this past year's most outstanding contributions to the field of economic sociology. The book provides extremely valuable analyses of the operations that allow intimate counterparties to engage in personal entanglement or, conversely, to consider payment as a closure of reciprocal duties. The analysis of these operations, captured and rendered explicit through legal disputes, allow for a quite subtle understanding of the processes of attachment and detachment that characterise economic existence, without reverting to any ex-ante analytical divide opposing the personal and the economic, the intimate and the commercial, or the generous and the selfish.

Francesco Guala's *The Methodology of Experimental Economics* (2005, Cambridge University Press) is, first and foremost, a major contribution to the philosophy of economics. It provides a rigorous and illuminating account of the problems of experimental economics, a discipline that is developing rapidly and that is facing most intriguing methodological challenges. But it's important to call attention on Guala's contribution being an important step in economic sociology too. Experimental economics provides telling examples of the intervention of economics in the design of market mechanisms, examples that deserve full sociological attention and for the understanding of which Guala's work becomes indispensable. In this book, readers interested in the performative aspects of experimental economics will find a useful resource for the understanding of the scope and limits of this form of economic research.

Talking Prices: Symbolic Meanings of Prices on the Market for Contemporary Art (2005, Princeton University Press) by Olav Velthuis is a very useful study of pricing practices in contemporary art galleries. The art market is indeed a particularly suitable site for the development of a socio-

logical analysis of pricing and valuation. The author shows how different pricing mechanisms lead to prices that have entirely different meanings for the different actors at stake. The notion of "pricing scripts" allows the author to make sense of the variety of routines and points of references that help art dealers pricing a work of art in the gallery circuits. Basing his findings on a set of interviews with art dealers and other actors in New York City and Amsterdam, and also on statistical analysis, the author also proposes interesting interpretations of a number of regularities observed in pricing scripts.

In *Mutual Life, Limited: Islamic Banking, Alternative Currencies, Lateral Reason* (2005, Princeton University Press), anthropologist Bill Maurer provides an important contribution to a pragmatist understanding of the question of reference in economic matters. The author mixes materials from two empirical investigations: one on contemporary practices in Islamic banking and finance and one on the development and use of an alternative currency system in Ithaca, New York. In both cases, the question of how to refer to value and profit is posed. Islamic contractual forms such as *mudarabah* are meant to avoid the emergence of any form of interest (*riba*). Ithaca HOURS are meant to designate economic value through a metric of concrete human labour time. Are these arrangements purely rhetorical devices? Are they just stratagems to avoid calling things by their names? Instead of following these and other disappointing shortcuts (abrupt distinctions between the fictitious and the real or between the symbolic and the economic), the author tracks the meanders of these designation processes, their reflexive nature (which incidentally affects the ethnographic endeavour) and the way in which they ultimately happen to constitute the economy.

French-speaking readers interested in the advances in the social studies of finance may find three titles published this past year relevant. The first is the new paperback edition of Olivier Godechot's *Les traders: essai de sociologie des marchés financiers* (2005, La Découverte), a very detailed sociological account of one international investment bank's trading rooms, with particular attention to the different ways in which traders appropriate different

financial techniques. In her book *Formation des taux d'intérêt: anomalies et croyances collectives* (2005, Economica), economist Marie Brière investigates the impact of collective representations in contemporary bond markets. Similar attention to collective thought dynamics are present in *Croyances, représentations collectives et conventions en finance* (2005, Economica), an interesting collection of essays on the economics of conventions in financial markets edited by David Bourghelle, Olivier Brandouy, Roland Gillet and André Orléan.

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Book reviews

Book review: Gambetta, Diego; Hamill, Heather 2005. *Streetwise: How Taxi Drivers Establish Their Customers' Trustworthiness*. New York: Russell Sage Foundation, pp. 256.

Reviewer: Guido Möllering, Max Planck Institute for the Study of Societies, moellering@mpifg.de

The first thing to admire about this book is that the authors followed up on the inspiration that they gained from a simple illustrative example taken from a *New York Times* article. I remember very well when Diego Gambetta introduced the taxi driver example during a presentation in Tutzing, Germany, to demonstrate the practical relevance of some theoretical ideas about trust and signs. Five years later, it is amazing to see that Gambetta and his fellow Oxford sociologist Heather Hamill have devoted a comprehensive ethnographic study, funded and published by the Russell Sage Foundation, to the exciting question of how taxi drivers establish their customers' trustworthiness.

A definite strength but also, as I will comment later, a limitation of the book is its very clear and narrow theoretical focus. The book builds directly on a previous conceptual contribution by Bacharach and Gambetta (2001) and sets out to empirically ground and 'test' it. Michael Bacharach and Diego Gambetta pointed out the truster's need to identify reliable signs of trustworthiness, and applied signaling theory to analyze this issue. They adopted a rational choice approach to trust (Coleman 1990; Hardin 1993) which effectively reduces the problem of trust to the truster's ability to distinguish between trustworthy and untrustworthy trustees (Dasgupta 1988).

Bacharach and Gambetta (2001) argue that every trust game is preceded by a signaling game. The truster can place trust rationally in a given trust game if he/she receives from the trustee a signal of trustworthiness that is reliable because a trustworthy trustee can afford to send it whereas an untrustworthy trustee could not. This logic directs particular attention to the problem of mimicry, i.e. the faking of trustworthiness by an untrustworthy trustee. Gambetta and Hamill present the approach in the book's introduction and relate it to their ethnographic study of taxi drivers in Belfast and

New York. Do taxi drivers apply, more or less implicitly or intuitively, the logic of signaling theory when they select their customers?

Following an introduction that is mainly concerned with theory and methodology, the main parts of the book (pp. 29–184) contain two detailed ethnographies, first, of taxi drivers' in Belfast and, second, of their colleagues in New York. Gambetta and Hamill structure the two parts of the book in the same way, which facilitates comparison: after a description of the general context of the cities and their taxi businesses and drivers, they analyze the problem of mimics, the precautions taken against hazards as well as the ways in which taxi drivers screen and probe their passengers.

The authors manage to convey vividly why taxi driving in Belfast and New York is such a dangerous line of work, why the problem of mimics (who are, for example, runners, robbers or terrorists instead of bona-fide customers) is acute and why the taxi drivers need to constantly assess the various signs and signals they perceive. The descriptions by Gambetta and Hamill are very rich, well informed and often highly entertaining despite the seriousness of the topic. They convey the complexity of social reality in an accessible way. Some findings are truly surprising, for example that it is suspicious *not* to be drunk in Belfast on a Saturday night and that teenage girls are among the most dreaded passengers in New York.

In the concluding chapter, the authors offer an overall list of the signs that taxi drivers in Belfast and New York take into account when screening their customers (p. 193). Taxi drivers prefer the following properties of passengers: older over younger, women over men, 'white' over 'black', Spanish over other ethnic groups (if the driver is Spanish), individuals over multiple passengers, wealthier over poorer, known passengers over strangers, callers over hailers, Catholic over Protestant if driver is Catholic (and vice versa), self-absorbed over inquisitive, candid over shifty, as well as friendly and calm over aggressive or agitated. When some of these properties are combined in "clusters", then their reliability is greatly increased. While the overall findings come across as simple common sense, Gambetta and

Hamill show the social complexity underlying this common sense. They also claim that their empirical material confirms the theoretical position that, before deciding to trust, trusters try to identify signs of trustworthiness and they regard signs as more reliable if they are difficult to be faked.

From the point of view of the authors the study has thus achieved its aims. From my point of view, though, at least two related questions arise: how much does signaling theory really contribute to our understanding of trust and how much of the experience of taxi drivers – described so vividly – does this theory actually capture? I feel that the theory does not do justice to the ethnographies. In several places, Gambetta and Hamill discuss the fact that signs that the taxi drivers perceive are only “semi-sorting”, which means that, even in combination, they are less than perfect in distinguishing between trustworthy and untrustworthy types. Moreover, taxi drivers often relate that they work on the basis ‘gut feelings’ and rely on instinct. These and other observations in the ethnographies suggest that it is probably far more interesting to ask how taxi drivers are able to trust regularly *although* they cannot be sure and *despite* the inconclusive signs they perceive.

Gambetta and Hamill mention that drivers need to “shut off” certain risks and “try not to think of” their vulnerability (p. 188). This, I would argue, is the point where we can see that taxi drivers are not simply sign-reading risk-takers but actually trusters. Screening and probing, as efforts to predict the behavior of others, belong to the category of risk management just like the other precautions that taxi drivers take and which are also described in this book. Trust, in contrast, “begins where prediction ends” (Lewis and Weigert 1985: 976) which, however, is also the point where rational choice theory ends. It cannot explain the actors’ leap of faith, which is at the heart of trust, as I argue elsewhere (Möllering 2006). Gambetta and Hamill’s theoretical focus appears to prevent them from exploring their rich qualitative data in greater depth: how do actors achieve and experience trust as a willingness to be vulnerable? Instead the authors ask: how do actors reduce their vulnerability?

Books should be focused, of course, even if this always implies some missed opportunities. In the case of Gambetta and Hamill’s study, however, there is a more general problem in that it is only weakly connected to, and

embedded in, previous research on trust. The most serious omission is James Henslin’s (1968) study on “Trust and the Cab Driver”. Henslin became a taxi driver in St. Louis and used participant observation in order to investigate research questions that are almost exactly the same as those of Gambetta and Hamill. He found that taxi drivers use a number of criteria including gender, age, ethnicity, neighborhood and the person’s degree of sobriety in order to discriminate between trustworthy and untrustworthy passengers. Instead of signaling theory, Henslin based his research mainly on Erving Goffman’s (1959) dramaturgical perspective of everyday social life. This and other micro-sociological perspectives (e.g. Garfinkel 1967) might have induced Gambetta and Hamill to describe trust as an accomplishment in the *interaction* of truster and trustee who are involved in a complex process of socially constructing a state of precarious normalcy and predictability which goes beyond mechanical signaling.

Gambetta and Hamill’s work would have also benefited from references to other established theories of trust beyond Coleman and Hardin. For example, Lynne Zucker’s (1986) framework includes process-based trust, characteristic-based trust and institutional-based trust as modes of trust production. This framework can easily accommodate the idea that trusters perceive signals of trustworthiness. In addition, the framework can accommodate experience and institutions as bases for trust which clearly matter to the taxi drivers in Belfast and New York but are much harder to capture by signaling theory directly. Apart from trust research, the literatures on deception, stereotyping and social networks represent other theoretical sources that Gambetta and Hamill could have used more.

I respect that the authors’ aim in this book was to establish empirically the applicability of signaling theory to the question of how actors perceive trustworthiness. This aim has been achieved. But I hope that, at some point, they will reinterpret their rich empirical material through other lenses as well. To conclude, Gambetta and Hamill’s book is an enjoyable read, a methodological inspiration and a focused contribution to the rational choice perspective on trust. I will not be the only one who, having read this book, sees taxi drivers and the role of the passenger as trustee in a new light. More often than not, I would have mainly thought of myself as the truster who is wary of taxi drivers and needs to suspend worrying signals. This side of the story, how-

ever, and the added complexity of a reciprocal trust problem that it implies, requires a separate study, as the authors acknowledge early on (pp. 16–18).

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Book review: Michael Nollert, *Unternehmensverflechtungen in Westeuropa. Nationale und transnationale Netzwerke von Unternehmen, Aufsichtsräten und Managern (Company Networks in Western Europe. National and Transnational Networks of Companies, Supervisory Boards and Managers)*, Münster: Lit Verlag, 2005, 550pp.

Reviewer: Martin Höpner, Max Planck Institute for the Study of Societies, Cologne, hoepner@mpifg.de

Michael Nollert's book contributes to the growing literature on the emergence, structure and change of company networks as major features of organized varieties of capitalism. The title, however, is slightly misleading: the book does not offer a comprehensive comparison of

company networks in Western Europe, but – on 550 pages and in 153 tables and 66 figures – exceptionally detailed analyses of the Swiss and Dutch company networks in the years 1993/94, complemented by a comparison of five national company networks and a chapter on the personal network behind the European Roundtable of Industrialists.

The reader learns that both the Swiss and the Dutch capitalisms belong to the “Rhenish” country cluster as distinguished from Anglo-Saxon and Latin capitalism. In both countries, large companies establish dense capital and personal networks with large banks in their cores. In neither Switzerland nor the Netherlands, Burnham's “managerial revolution” has succeeded. In the course of the 20th century, family ownership has significantly declined, but ownership structures remain concentrated. Managerialism, the author argues, is therefore a good label for a specific phase of American capitalism rather than for present capitalism as a whole. In Switzerland, capital ties are more often accomplished by personal ties than in the Netherlands (around 65 percent compared to 40 percent). The big linkers in the personal networks are also often important persons in business associations and parties (but they rarely are members of parliament).

In one of the most fascinating chapters, Nollert analyses whether a transnational, interlinked business elite is evolving in Europe. Since its foundation in 1983, the European Roundtable of Industrialists has become an eminently influential interest organization at the European level. Nollert argues that this lobbying circle also laid the foundation for a European company network. In 1994, more than 70 percent of the companies represented in the Roundtable were personally interwoven. The national company networks are no longer separated but embedded in a transnational network. The latter is, however, rather loosely coupled and characterized by much deeper clashes of interest than the national networks.

Different from Paul Windolf and Jürgen Beyer, the author puts his emphasis on stability rather than change. This may be caused by the fact that his main data cover the years 1993/94; in Germany, the restructuring and – to a certain extent – erosion of the company network started just in the years after Nollert's snapshot, and it is conceivable to hypothesize that similar developments occurred in Switzerland and the Netherlands. However,

a certain conservative bias in Nollert's analysis may also be caused by methodology. The author investigates what we can learn about the functions of networks by looking at their structures. But institutional change may also derive from functional change inside a given structure. Links between companies can be used for very different purposes. Traditionally, Deutsche Bank used its links with industrial companies to protect them from hostile takeovers – until investment bankers captured the board and banished the traditional house bankers. In 1997, Deutsche Bank used its supervisory board seat in Thyssen to support Krupp's hostile takeover attempt. Being linked to a traditional German "house bank" and being linked to an investment bank are very different things: so different that being not linked at all seems to be located in between those two possibilities.

Consider the new investors emerging in Switzerland. Nollert argues that the current Swiss company network may be even more centralized than the one of 1994. He mentions Martin Ebner's BZ bank which, during the 1990s, held an increasing amount of shares of industrial companies in its portfolio. Quantitative network analysis may conclude that a network remains a network irrespective of the economic and societal orientations of its participants. However, the emergence of shareholder oriented investors such as Ebner indicates a major change of the former "Fortress of the Alps" (Schnyder, et al. 2005: 50–51). Asked for his opinion on the Swiss company network, *Facts* quoted Ebner saying, "Away with the sleaze! It is no longer opportune that board members from different companies control each other" (*Facts*, 21 April 2005, p. 58).

This, however, is actually a critique on possible shortcomings of quantitative network analysis in general rather than on Nollert's book. Nollert's work is the most elaborate study on the structure of national company networks that has been accomplished so far. Admittedly, the book is not always easily accessible, and in my view, its best parts are those in which the author leaves his network descriptions behind and risks to report more general insights and intuitions, for example, on implications for the developments of the respective varieties of capitalism as a whole – which does not happen too often. But this does not decrease the high value of Nollert's book: an impressive study on an important topic that will definitely find grateful readers in the growing network analysis community and, beyond that, in comparative political economy.

Reference

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Call for papers (journals)

Marketing practices and the shaping of markets Journal: Special issue on market-making

Marketing Theory is pleased to invite papers for a special issue on marketing practices and the shaping of markets. The special issue will be edited by Luis Araujo (Lancaster University Management School), Hans Kjellberg (Stockholm School of Economics) and Robert Spencer (Euromed, Marseille). The notion of market shaping invites a focus on the processes and structures that constitute markets whereas the notion of practice evokes the set of distributed and coordinated actions that perform markets. The interrelationship between market shaping and marketing practices is, we propose, a central and yet neglected issue in Marketing.

The background for the issue is a growing interest in market-making practices triggered by recent work in the sociology of markets. This body of research has centred on the notion of performativity of theories and managerial technologies. Rather than seeing theories as simply representing markets, performativity takes an interest in the import of theories into practice and how these practices shape the nature of markets. To date, however, these efforts have been primarily concerned with financial and auction markets as well as market regulation, leaving unattended the bulk of market forms typically addressed in marketing theory.

While the Marketing discipline purportedly concerns itself with markets, recent literature often conflates the notions of exchange and markets. Markets are seen as aggregations of exchanges and the role of market institutions in shaping activities within and beyond specific exchange episodes has been comparatively neglected. Viewing marketing practices as implicated in market-making rather than as managerial tools for mining pre-existing demand, raises several important questions concerning the character, scope and interrelationship between marketing practices and market forms. Taking the role of marketing practices seriously implies taking a fresh look at classic issues such as the character and scope of market agency, the interrelationship between marketing institutions and marketing practices, and the nature of marketing professions.

For this issue, we invite contributions ranging from conceptual papers, to methodologies for investigating marketing practices, to detailed empirical accounts, contemporary or historical, addressing questions such as:

- How do marketing practices contribute to the formation and operation of markets – e.g. how do marketing practices represent and configure “customers”?
- What forms do markets take and how do different forms affect and become affected by marketing practices – for example, how are differences between market forms (e.g. consumer vs. organisational) sustained by different marketing practices?
- How do different types of market actors (e.g. buyers, sellers, marketing institutions, trade associations, regulators) shape, and in turn become shaped by, particular market forms and marketing practices?
- How are marketing professions defined, what underpins their specialisms and what is their relationship with particular market forms and marketing institutions?

Papers will be subjected to a blind, peer reviewing process following customary practice in *Marketing Theory*. Papers should be sent electronically to Luis Araujo (L.Araujo@lancaster.ac.uk). The deadline for submission of papers is 30.06.2006. If you have any further questions concerning the issue, please contact one of the editors: hans.kjellberg@hhs.se, L.Araujo@lancaster.ac.uk, Robert.Spencer@euromed-marseille.com

Special issue on Economic Sociology and Ethics Journal: Journal for Business, Economics & Ethics / Zeitschrift für Wirtschafts- und Unternehmensethik (zfwu)

The *Journal for Business, Economics & Ethics / Zeitschrift für Wirtschafts- und Unternehmensethik (zfwu)* is a scholarly journal. Through its interdisciplinary theoretical and practical orientation at the crossroads of economics and

(practical) philosophy, it primarily provides the discipline as well as interested representatives of business, politics and other relevant institutions with a high level business ethics discussion forum. The *zfwu* is published three times a year. As a general rule, issues focus on a lead topic; however, they offer enough room for the publication of articles that do not specifically address the lead topic. Each issue opens with a "main article" by a renowned scholar followed by more "contributions". As a rule, the articles are the subject of critical commentaries. The languages of publication are German and English.

Modern economic sociology underlines the historical and cultural embedding of economic processes and structures. It thus represents an important counter-model to traditional economics. In a number of theoretical and empirical analyses it was able to demonstrate that its explanatory models represent an important and necessary supplement to economics.

In the planned installment on "Economic Sociology and Ethics", issues relating to the moral embedding of economies and economic actors will be examined from the perspective of economic sociological methods and theories. To this belongs primarily the treatment of theoretic questions from action, institution, culture, or system theoretical perspectives. Issues such as the significance of ethical action maxims and representations of social justice for the integration of economic relationships in the markets, organizations, and networks may be seen as crucial

issues. Articles may address empirically individual markets or specific problems related to organizational action as well as the significance of ethics for mechanisms of action integration such as trust and power. At the same time, the purpose is not to discuss normative principles in the context of "Business, Economics & Ethics" (Wirtschafts- und Unternehmensethik); rather the objective is to reflect on the empirical significance of moral maxims for economic processes, or on the consequences stemming from a lack of ethical principles of action for the economy. Comparative and empirical papers with an historical approach are explicitly desired.

The guest editor of this number is Prof. Dr. Jens Beckert (Director of the Max Planck Institute for the Study of Societies, Cologne), working in collaboration with Dr. Thomas Beschorner and Dr. Bettina Hollstein of the *zfwu*. Contact: Dr. Thomas Beschorner, e-mail: thomas.beschorner@uni-oldenburg.de

Information for Authors: Please take notice of the *author guidelines* on our homepage www.zfwu.de before sending in manuscripts. You will find there, besides the required formalities, the *style sheets* [zfwu.dot], which will facilitate the technical aspect of the work. The editorial team is at your disposal to answer further questions: redaktion@zfwu.de. Deadline for submissions: 31.10.2006.

Conference announcements (conferences)

Developing economies; multiple trajectories, multiple developments

Organizer: European Association for Evolutionary Political Economy

Location: Istanbul (Turkey)

Date: November, 2–4, 2006

Conference description: One of the most salient aspects of the contemporary globalization process is the widely shared understanding of the economy as an autonomous domain isolated from the cultural, political and social domains. Both the economists who advocate exclusively market-oriented policies and the social scientists who take the dominant discourse in economics as given, agree that matters pertaining to the 'economy' has to be left to the 'experts'. In practice, this process has led to the treatment of different economies as homogenous entities and this has been particularly harmful for the developing economies. However, as the problems associated with the globalizing market forces have become increasingly difficult to overlook, the analysis of the evolution of and diversity between national trajectories has become one of the biggest challenges faced by social scientists in general and political economists in particular.

The need for an interdisciplinary, multiple level research agenda in order to put together an integrated analytical framework has been recognized, but the challenge is far from being met. Development studies constitute one important area where the attempts made to understand the complexity of the evolutionary process could be especially fruitful. The need for multiplicity is to be met through the integration of a broad range of categories into the analysis. A suggestive list of these categories may be:

- market regulation
- market structure (sectoral/inter-sectoral, labor/product)
- governance
- role/implication of the public sector
- fairness, justice, distribution
- labor market regulation and welfare systems

■ financial sector

■ international context (insertion, interaction).

These issues may be treated at different levels: as theoretical/empirical, micro/macro/meso, comprehensive analysis/case study, comparative studies/ historical analysis.

At these different levels, the common aim would be the reappraisal of the multiplicity of development processes in a political economy framework. The development of a wide range of tools for economic analysis drawing on the recent theoretical and empirical analyses could be helpful in giving a new impetus to the area and to bring about a greater range of choice in policy design.

Submission of proposals: We invite proposals for papers or sessions that address themes situated in the above mentioned categories. We also invite proposals for the topics on the Research Areas; in that case please indicate the closest research area in which your proposal is situated. (see: www.eaepe.org or the newsletter).

For papers: upload a 600–1000 word abstract to www.eaepe.org (conferences-abstracts) by April 30 of 2006 (The upload facility will be operational as of 10 February 2006). Send your abstract in any case to the general secretary of EAEPE John Groenewegen johng@tbm.tudelft.nl and to the chair of the scientific committee Ahmet Insel ainsel@gsu.edu.tr.

For sessions: Please send your proposal to Economic Department of Galatasaray University at: econ@gsu.edu.tr. For questions concerning the sessions please contact Ahmet Insel, the programme organizer, at: econ@gsu.edu.tr or ainsel@gsu.edu.tr.

The program of accepted papers will be published in the July Newsletter. A final version of accepted papers will be requested by August 31 of 2006, in order for papers to be included in the proceedings, published on CD-Rom. See www.eaepe.org for information concerning the conference.

Please note that you have to be an EAEPE member in order to attend the Conference. Payments should be made in euros by credit card (provide number and expiry

date) or bank transfer. If you do not have the 2006 conference booking form or the 2006 EAEPE membership form, please download it from www.eaepe.org.

Economics, pluralism, and the social sciences. Association for heterodox economics 8th annual conference 2006

Organizer: Association for Heterodox Economics (AHE)

Date: 14–16 July, 2006

Location: London School of Economics

Conference description: Last year's highly successful AHE conference yielded a stimulating and original range of papers on pluralism in economics, in opposition to the currently non-pluralistic dominance of the neoclassical mainstream. A striking feature of the conference was the growing interdisciplinary character of the contributions which explored, generally but not exclusively from the standpoint of economics, the relation between economics and other branches of the social sciences. The Eighth Annual Conference will build on this success.

The conference will have both a thematic part and an open part. The AHE is happy to consider papers of both types; however, priority will be given to papers addressing the conference theme, "Economics, Pluralism and the Social Sciences". Papers are particularly encouraged on topics dealing with economics and its relation to the social sciences as a whole and with respect to its various branches, such as anthropology, development studies, gender and race studies, history, literary studies, management, philosophy, politics, psychology, and sociology, from both economists and non-economists and from a plurality of perspectives.

We encourage the submission of abstracts of papers, or proposals for a session or stream of sessions, which

- Apply heterodox economic thought to policy-related issues;
- Examine any aspect of economic theory from the standpoint of another discipline or disciplines in the social sciences or the humanities;
- Critically assess the existing or potential relation, deleterious or positive, between economics and other branches of the social sciences;

■ Examine issues or deploy approaches neglected by current economic orthodoxy;

■ Critically examine either neoclassical economic orthodoxy, or – in the spirit of pluralism – its heterodox critics;

■ Assess the contribution of one or more heterodox approaches towards opening up economics;

■ Make a contribution to the scholarship of teaching and learning in economics from a heterodox or pluralist perspective.

The AHE is in process of publishing a selection of the best papers presented at this year's conference in a special volume of the book series *Advances in Heterodox Economics*, edited by Professor Frederic S. Lee. We propose to publish a similar volume after the 2006 conference.

Proposals for single papers: please send an abstract of up to 500 words by email only to the local organiser, Alan Freeman (afreeman@iwgvt.org), AND the AHE coordinator, Andrew Mearman (andrew.mearman@uwe.ac.uk), by 17 March 2006. Text, HTML, Word and PDF format email attachments are acceptable. Proposals for sessions and streams: please indicate exactly what you are proposing, giving the names and email addresses of the proposed speakers, and attaching the abstracts (of not more than 500 words each) for their papers. Send by email to Alan Freeman and Andrew Mearman, as above, by 17 March 2006. You will be notified of acceptance or rejection of your proposal by 7 April 2006. Those whose abstracts have been accepted must send their full paper and completed registration to be received by 2 June 2006.

To see details of previous conferences, and to keep up to date with the 2006 conference and other AHE activities please visit: www.hetecon.com.

The quality of social existence in a globalising world. XVI ISA world congress of sociology

Organizer: ISA

Location: Durban, South Africa

Date: 23–29 July 2006

For more information, see: http://www.ucm.es/info/isa/congress2006/rc/rc02_durban.htm.

The conference will have a number of sessions on economy & society (Research Committee RC02). See: http://www.ucm.es/info/isa/congress2006/rc/rc02_durban.htm

Sustainability in three dimensions: economic, social, ecological

Organizer: Association for Social Economics

Location: Annual A.S.S.A. Meetings, Chicago, Illinois

Date: January 5–7, 2007

Conference description: Economic sustainability is usually understood to mean that living standards are maintained through time, i.e., per capita consumption does not decrease. In a world accustomed to economic growth, economic sustainability would not seem difficult to achieve. But economic sustainability ultimately depends on the sustainability of society and of natural ecosystems. Sustainable ecosystems maintain their biological integrity through time, so that their flow of services to human and non-human life continues undiminished. Sustainability in human society means the maintenance of solidarity, trust and cooperation, leading to high levels of effectiveness of institutions like education, civic administration and commerce. The theme of papers for the 2007 meetings will be the interactions of these three forms of sustainability, and the ways in which economic institutions and policies can contribute to sustainable development. Possible sessions could include:

- Substitutability of real economic (manufactured) and natural capital
- Effects of increased income inequality on the exploitation of the environment and the stability of social institutions
- Globalization of economic activity and its effects on society and the environment
- Ability of the price system to signal the depletion of ecological capital
- Local control of the economy and local knowledge of ecosystems
- Promoting investment in ecological and social capital

There will be an opening plenary session, seven other sessions, and a Presidential Address at the ASE breakfast by Deborah M. Figart. Both members and nonmembers of the ASE are invited to submit proposals. Also, anyone willing and able to organize a full session with three or four papers and discussants on an appropriate topic is encouraged to submit such a session for consideration.

Proposal submission: A one-page abstract (including name, postal and e-mail addresses) should be submitted before the deadline of April 30, 2006. Completed papers will be due by November 15, 2006. It is preferred that abstracts be sent by e-mail to tmst@calvin.edu.

John P. Tiemstra

Department of Economics and Business

Calvin College

North Hall, 1740 Knollcrest Circle SE

Grand Rapids, Michigan 49546 USA

Symposium on the social and political economy of labor: new dimensions

Organizer: European Association for Evolutionary Political Economy (EAEPE)

Location: Saint-Petersburg State University, Saint-Petersburg, Russia

Date: Thursday, June 29 – Saturday, July 1, 2006

Conference description: The goal of this symposium is to bring together a limited number of researchers (maximum 50) to focus on labor issues in the 21st Century. The conference will be divided into two, related, segments and we would welcome papers in relation to either or both segments. The first segment is focused on comparative research of labor market transformations. Globalization, internationalization and localization of the labor force make it important to examine inter-related labor markets. This work should take into account how labor markets have, on one hand, class, ethnic, and gender dimensions and, on the other hand, that there is movement between labor markets (of different temporal durations) and these movements are in themselves influenced by class, race and gender. We would particularly welcome papers on intra-European mobility and inter-European/Asian labor mobility, including the role that Chinese and Indian workers are playing in European labor markets.

The second segment is devoted to the multiple interpretations of labor and its historical transformation(s). In particular we want to bring together different social scientists including economic historians, sociologists and anthropologists who work on the conceptualization of labor, its relationship to production and distribution, and as an essential aspect of human nature and human behavior. We believe that enriched by recent improvements in the various social sciences a fuller concept of labor is possible. This conceptualization will be both more ontologically

oriented and be more sophisticated than the conceptualization used in the 20th century. In addition, this conceptualization is influenced by changes in institutions and technologies. An important part of this re-conceptualization of labor is to look at employer-employee relations, contractual arrangements and conflicts, alienation and exploitation, and therefore the challenges for labor politics and trade union movements in the 21st century.

A 600 word abstract for all paper and session proposals is required by February 10, 2006 to the local organizers at sp6eaepe@soc.pu.ru. These can be uploaded at the EAEPE site www.eaepe.org. Upon acceptance of your abstract, you will need to register for the symposium. A final version of accepted papers is requested by April 30, 2005.

The symposium registration fee will be € 50 for EAEPE members, while nonmembers should add EAEPE membership fees (see www.eaepe.org). Everyone is urged to volunteer to serve as a session chair. The registration fee covers two lunches and regular coffee breaks, book of abstracts and working materials, and some activities during the symposium. Selected papers will be considered to be published as a book volume. The symposium is open to everyone working on labor markets across the social sciences. For further information please contact the local organizers:

Scientific committee: Oleg Ananyin (Moscow, Russia), Gráinne Collins (Trinity College Dublin, Ireland), John Groenewegen (Delft, The Netherlands), Maria Lissowska (Warsaw, Poland), Pascal Petit (Paris, France), Irina Peaucelle (Paris, France), Mikhail Sinyutin (St-Petersburg, Russia), Yuri Veselov (St-Petersburg, Russia).

Die institutionelle Einbettung von Märkten

Organizer: Gemeinsame Tagung der Sektion Wirtschaftssoziologie der Deutschen Gesellschaft für Soziologie und des Max-Planck-Instituts für Gesellschaftsforschung in Köln

Date: 1.–3. Februar 2007

Conference description: Märkte sind die zentrale Institution kapitalistischer Ökonomien. Die Ausbreitung kapitalistischer Wirtschaftsformen seit der frühen Neuzeit lässt sich wesentlich als Verbreitung von marktförmigen Tauschbeziehungen sowohl innerhalb von Nationalökonomien als auch durch die Internationalisierung von Handels- und Kapitalströmen verstehen. In der ökonomischen Theorie

werden Märkte als durch den Preismechanismus regulierte Institutionen zur Anpassung von Nachfrage und Angebot verstanden, durch die sich Gleichgewichte auf Güter-, Kapital- und Arbeitsmärkten ausbilden können. Voraussetzung hierfür ist nach ökonomischer Vorstellung ihr weitgehend von äußerer Macht, insbesondere von staatlicher Regulation unbeeinflusstes Funktionieren.

Die Soziologie hat das Marktmodell der Ökonomie seit ihrer Gründerzeit abgelehnt. Emile Durkheim verwies mit seinem Begriff der nicht-vertraglichen Voraussetzungen des Vertrages auf die normativen Grundlagen von Marktbeziehungen. Max Weber analysierte die kulturellen und institutionellen, insbesondere staatlichen Voraussetzungen des marktbasierten modernen Kapitalismus. Wenige Jahrzehnte später machte Karl Polanyi den Versuch der Etablierung selbstregulierender Märkte für die „fiktiven Waren“ Arbeit, Kapital und Boden für die ökonomischen und politischen Krisen des frühen zwanzigsten Jahrhunderts verantwortlich.

Faktisch haben Märkte nie nach dem Modell der ökonomischen Theorie funktioniert. In der zweiten Hälfte des zwanzigsten Jahrhunderts dominierte auch in den Wirtschaftswissenschaften für einige Jahrzehnte unter dem Vorzeichen des Keynesianismus die Vorstellung, erst durch die politische Steuerung von Märkten könnten Ökonomien zu Wachstum gelangen, ohne dass Gesellschaften in ähnlicher Weise durch wirtschaftliche Krisen erschüttert würden wie in der Zwischenkriegszeit. Seit den siebziger Jahren hat sich jedoch wieder ein an freien Märkten orientiertes Leitbild in der Wirtschafts- und Fiskalpolitik durchgesetzt. Ursache hierfür sind vor allem drei Entwicklungen: die zunehmende Globalisierung der Wirtschaftsbeziehungen in den entwickelten Ländern aufgrund der Liberalisierung des Handels sowie technischer Fortschritte, die Integration der vormals sozialistischen Ökonomien in die kapitalistische Weltwirtschaft und das hohe Wachstum einiger aufstrebender Ökonomien Asiens, insbesondere Chinas und Indiens, als Folge ihrer Liberalisierung.

Wie steht es angesichts dieser Entwicklungen um die Behauptung der soziologischen Klassiker, dass Märkte notwendig sozial eingebettet sein müssten, um funktionieren zu können und die soziale Ordnung nicht zu gefährden? Und welchen Beitrag kann die spezielle theoretische Tradition der Soziologie heute zum Verständnis der Funktionsweise von Märkten leisten? Vornehmlich in den USA ist in den letzten Jahren eine neue Wirtschaftssoziologie entstanden, die sich der Erforschung von Märkten aus einer dezidiert soziologischen Perspektive widmet. Dabei stehen

institutionalistische und kultursoziologisch orientierte Ansätze neben der netzwerkanalytischen Untersuchung von Marktstrukturen. Die geplante Tagung zum Thema „Die institutionelle Einbettung von Märkten“ soll wirtschaftssoziologische Forschungsbeiträge aus dem deutschsprachigen Raum zur Klärung der Funktionsweise und der institutionellen, kulturellen und politischen Voraussetzungen von Märkten zur Diskussion stellen. Welchen Beitrag leistet die Soziologie zur Erklärung von Marktstrukturen? Was trägt das Fach zum Verständnis jener Probleme der Integration von Tauschbeziehungen bei, die in den Wirtschaftswissenschaften als „principal-agent“-Problem und als asymmetrische Informationsverteilung behandelt werden? Kann die Soziologie erklären, wie es zur Preisbildung auf Märkten kommt und wie Wertbildungsprozesse auf Märkten stattfinden? Wie lässt sich verstehen, weshalb einige Tauschprozesse marktförmig organisiert sind, während in anderen Bereichen Märkte abgelehnt werden oder sogar verboten sind?

Die Tagung soll einen Überblick über den Stand marktsoziologischer Forschung in der deutschsprachigen Wirtschaftssoziologie schaffen. Zugleich soll sie helfen, aktuelle Forschungsschwerpunkte zu identifizieren und den Austausch zwischen den beteiligten Forschern zu verbessern. Das MPIfG übernimmt die Fahrt- und Übernachtungskosten für die Referenten. Die Auswahl der Referenten erfolgt durch die Organisatoren (Jens Beckert, Wolfgang Streeck und Hajo Weber) auf der Grundlage von ausführlichen Abstracts, die bis zum 28. Juli 2006 einzureichen sind und etwa zwei Seiten lang sein sollen. Zwei Referate werden für Doktoranden reserviert. Die Referate dürfen noch nicht publiziert oder zur Publikation angenommen worden sein. Manuskripte können auf Deutsch oder Englisch verfasst sein. Die Abstracts senden Sie bitte per E-Mail an das Sekretariat von Jens Beckert (claus@mpifg.de).

Le 2e congrès national de sociologie

Organizer: l'Association française de sociologie ; RT12 de Sociologie économique

Location: Bordeaux

Date: mercredi 5–vendredi 9 septembre 2006

Conference description: Le réseau thématique de sociologie économique (RT12) entend témoigner de l'importance et du renouveau des travaux dans ce secteur. Ce réseau thématique est un lieu de fédération, de débats ou de confrontation des recherches récentes, et rassemble

à cette fin un large spectre de sociologues se reconnaissant dans la sociologie économique et venant d'horizons théoriques ou institutionnels divers.

Le congrès de 2004 a permis de discuter une vingtaine de communications de très bonne qualité et chaque session a donné lieu à un débat souvent riche. A l'issue de ce congrès, un nouveau bureau a été en charge de conduire le RTF (devenu RT) jusqu'au 2e congrès. Pour ce nouveau congrès national de sociologie, le bureau du RT12 a décidé d'arrêter cinq thèmes de sessions. Ils ont été conçus pour se faire l'écho des recherches actuelles tout en appelant une grande diversité de papiers. Il est possible de soumettre des papiers relevant de plusieurs thèmes.

Les propositions devront indiquer impérativement, outre un titre, le(s) thème(s) dans lequel elles s'inscrivent, elles devront comporter une présentation du papier (précisant clairement l'objet, la méthode, la problématique théorique du papier) ainsi qu'un résumé de 250 mots (les papiers ne comportant pas de résumé ne seront pas examinés). Les auteurs indiqueront leur adresse électronique (et s'il y a lieu leur appartenance institutionnelle).

Les participants au congrès devront s'inscrire et être à jour de leur cotisation à l'AFS. Date limite impérative de remise des propositions avec résumé: 28 février 2006. Les propositions doivent être adressées directement à l'animateur du RT12, Pierre-Paul Zalio, (zalio@sociens.ens-cachan.fr) qui les fera suivre aux coordinateurs de chaque session. L'ensemble des propositions sera examiné par les membres du bureau. Compte tenu du temps imparti pour chaque réseau, une vingtaine de papiers seront présentés (15 mn chacun) et discuté durant les cinq sessions thématiques du congrès.

Session 1: Histoire et épistémologie de la sociologie économique, dont sciences sociales des professionnels de l'économie. Coordination: Philippe Steiner

Session 2: Rationalisation économique et extension du marché: Santé et éducation, les frontières du marchand et du non marchand. Coordination: Daniel Benamouzig

Session 3: Entreprises et organisations productives: gouvernement d'entreprise, entrepreneuriat, formes de contrôle. Coordination: Pierre-Paul Zalio

Session 4: Institutions et professionnels du marché: dispositifs d'intermédiation (offre et demande), institution et régulation. Coordination: Pierre François

Session 5: Développement durable et commerce équitable: éthique et économie, apprentissage de l'économie de marché. Coordination: Sophie Chevalier

Pour mieux connaître le RT 12, vous pouvez consulter son site: <http://www.melissa.ens-cachan.fr/socioeco/> Chaque membre du réseau peut envoyer les informations dont il dispose sur l'actualité des séminaires, des colloques, les appels d'offre, les parutions, etc.) à Antoine de Raymond (antoine.deraymond@idhe.ens-cachan.fr) afin de mettre à jour le site. Le RT12 envoie à ses membres une newsletter bi-annuelle. Sur l'Association française de sociologie, sur les autres RT et sur l'organisation pratique du congrès, voir le site: <http://www.afs-socio.fr/>

Constituting Globalization: actors, arenas and outcomes

Organizer: Society for the Advancement of Socio-Economics

Location: University of Trier, Germany

Date: June 30 – July 2, 2006

Conference description: Contrary to views that globalization constitutes an unstoppable force, immune to intervention, this conference foregrounds a focus on the role of actors in both the creation and further shaping of the globalization process. Actors, such as MNCs, states, international institutions, non-governmental and interest organisations, as well as social movements are seen to influence the dynamics and direction of this process in many arenas and at multiple levels. Presenters will address crucial interventions by collective actors in developed and

developing societies. Speakers will evaluate the often complex and contradictory economic, social and political effects on various constituencies, such as vulnerable countries, regions, industries or social groups, as well as monitor the increase in wealth and/or influence of more powerful actors.

Featured speakers are: Gary G. Hamilton (Professor of Sociology and the Jackson School of International Studies at the University of Washington); Martin Hellwig (Director at the Max Planck Institute for Research on Collective Goods, Bonn and Professor of Economics at the University of Bonn); Sir Bob Hepple, QC, FBA (Emeritus Master of Clare College, Emeritus Professor of Law in the University of Cambridge, a Barrister at Blackstone Chambers, London, and Chairman of the Nuffield Council on Bioethics); Karin Knorr Cetina (Professor of Sociology at the University of Constance and teaches at the University of Chicago, where she is a Visiting Professor); Michael Mann (Professor of Sociology at the University of California, Los Angeles and Visiting Professor, Queen's University/Belfast); Jan Aart Scholte (Co-Director of the Centre for the Study of Globalisation and Regionalisation (CSGR) at the University of Warwick. He is also a Professor in the Department of Politics and International Studies).

To register online:

https://goliath.safeorder.net/sase/conf2006/register/register_ssl.html

For more information and registration see:

<http://www.sase.org/homepage.html> or:

http://www.iaaeg.de/index.php?menuid=75&topic=SASE_2006

The IAAEG site for the SASE conference offers a list of hotels with links to booking services. Low-cost student housing is available.

Job openings

Four Doctoral Fellowships in Economic Sociology and Political Economy

Institution: The Max Planck Institute for the Study of Societies (Max-Planck-Institut für Gesellschaftsforschung; MPIfG) in Cologne

Description: Fellowships will start in October 2006, and will be awarded for a maximum of three years. Students receive a stipend of 1,100 Euro per month. They will share an office and have full access to the research infrastructure of the institute. The program is open to students from a variety of social science disciplines, in particular but not exclusively sociology and political science. Working languages at the MPIfG are German and English. Successful candidates must have an excellent command of English.

Doctoral fellows will participate in a graduate school program including courses and summer school sessions (which will eventually be turned into an International Max Planck Research School) and generally take part in the Institute's intellectual life. Details of the curriculum will be specified according to dissertation topics and previous training. As the MPIfG is not a degree-awarding institution, degrees will have to be received from a fellow's home institution or a German university. For more information on the MPIfG's research program and on the doctoral fellowship program, refer to the school's website: <www.mpifg.de/fo/doc_program_en.html>

Closing date: The deadline for submission is March 15, 2006.

Application procedure: Applications may be sent in English or German by post or by email if all attachments are compiled in one document. They should include a C.V., a list of publications if applicable, and a six-page proposal of topics for a doctoral dissertation project. Two letters of recommendation should be sent directly to the institute. The Max Planck Society is an equal opportunity employer and is committed to improving the opportunities for women in the sciences. Applications and further inquiries may be directed to the MPIfG's Head of Administration, Juergen Lautwein, <lautwein@mpifg.de>

Max Planck Institute for the Study of Societies / Juergen Lautwein / Paulstr. 3 / 50676 Koeln, Germany

Building futures, Studentships (Ref:D9999)

Institution: University of Hertfordshire, Hertfordshire

Description: The Business School houses over 80 research degree students and is offering three studentships (c £9,300 pa) in any of the following areas:

- institutional economics, evolutionary economics, economic sociology
- corporate performance, governance and capital market relations
- investment, reform and transformation in the NHS
- complex responsive processes in organisations
- gender and employment (applications are particularly welcome in the film or IT sectors)
- the implications of marketisation and restructuring for the employment relationship in the public sector
- the ideological and organisational challenges for trade unionism in Britain in the 21st century
- the organisation of work, career and diversity in film and new media
- transformation processes in Central and Eastern Europe and China.

To apply for the Studentships, please contact Dr. Susan Grey, Associate Dean (Research), on (01707) 285453 or s.grey@herts.ac.uk

Reader/Senior Lecturer in Sociology

Institution: University of Leicester, Department of Sociology, Leicester (UK)

Job description: The department is seeking to appoint a teacher and researcher in any area of the discipline (£38,685 to £43,850). The appointment will require research at a high level leading to international publications, both undergraduate and postgraduate teaching and supervision, and administrative responsibilities.

Closing date: 24 February 2006

Application procedure: Informal enquiries should be made to Professor Jack Barbalet (tel: 0116 252 5359 or email: <jmb34@le.ac.uk>). Downloadable application forms and further particulars are available by following the links. If you require a hardcopy please contact Personnel Services, tel: 0116 252 2422, fax: 0116 252 5140, email: <pt31@le.ac.uk>, <www.le.ac.uk/personnel/>. Please note that CVs will only be accepted in support of a fully completed application form.

Targeted Call for Research Proposals and Postdoctoral Fellowships

Institution: ESRC Non-Governmental Public Action Programme (UK)

Description: The Non-Governmental Public Action Research Programme is a unique opportunity to understand the impact of non-governmental public action in reducing poverty and exclusion, and effecting social transformation, from an international, comparative and multi-disciplinary perspective. The Economic and Social Research Council invites further full research grant proposals and postdoctoral fellowship applications under this Programme which focus on the following specified areas:

- International comparative studies on legitimacy and accountability amongst non-governmental public actors;
- Security dimensions of non-governmental public action – violence, exclusion, and non-governmental public action;
- Religion and non-governmental public action – impacts and conceptions of different faith-based NGPA.

Applications are invited from researchers based at UK Higher Education Institutions and other institutions eligible for funding by the ESRC for the following:

- Research grants up to a maximum cost of £217,500 (100% FEC) which address any of the areas identified above. In particular the Council would welcome proposals under any of the three headings which focus on one or all of Africa, Middle East or Central Asia/Transcaucus.
- Two-year postdoctoral fellowships to carry out synthetic and reflective work on any of the areas identified above. A focus on Africa or the Middle East as an empirical point of reference would be welcomed. A maximum of £101,500

(100% FEC) is available for each two-year postdoctoral fellowship. A total of six postdoctoral fellowships are available, two for each of the identified areas.

Closing date: 4pm on Wednesday, 12th April 2006

Application procedure: detailed information and guidance on how to apply can be obtained from the ESRC website:

<<http://www.esrcsocietytoday.ac.uk/erscinforcentre/>>.

Queries should be directed to <lyndy.griffin@esrc.ac.uk>.

Professor of Sociology

Institution: Institute for Social and Economic Research, University of Essex

Description: The Institute for Social and Economic Research (ISER) wishes to appoint a Professor with research interests in sociology, social policy or a closely related subject. Candidates should have an excellent research record in the quantitative analysis of issues such as work, household organisation, gender, ethnicity, social mobility, social inequality or social and political values in a national and/or cross-national context. They should have experience in analysis of survey data, and familiarity with relevant statistical methods.

The appointee is expected to undertake a programme of sociological or related research and to lead a team of researchers. S/he will also take a lead in securing funding of new projects. There are no undergraduate teaching responsibilities associated with the post, but the successful candidate will be expected to supervise research students and to teach occasional graduate and training courses. As one of the senior members of ISER, the successful candidate will also have the opportunity of taking on a senior management role.

Appointment to this full-time, permanent post will commence on 1 October 2006. A competitive salary will be commensurate with the successful applicant's qualifications, experience and achievements and will reflect the prevailing market for candidates of high quality.

Closing date: 28 February 2006

Application procedure: Informal enquiries about the post may be made to Professor Nick Buck, Director of ISER email: <nhb@essex.ac.uk>; or Professor Steve Pudney email: <spudney@essex.ac.uk>. However, all formal applications must be sent to the Personnel Section, see <<http://www.essex.ac.uk/personnel/Jobs/forms/applycs.htm>>.

Recently finished PhD projects in economic sociology

Designs on the mechanism: economics and the FCC spectrum auctions

Institution: University of Notre Dame Department of Economics

Author: Edward Nik-Khah

The successes of the US Federal Communications Commission (FCC) auctions for electromagnetic spectrum licenses have been trumpeted not only by academic economists promoting themselves as “consulting engineers for the market economy,” but by science studies scholars hoping to secure a role for their own preferred reference groups to engage in “social engineering.” Finding the evidence for the success of the auctions lacking, this dissertation instead seeks to approach the spectrum auctions as a case study in the economics of science.

Chapter 1 peruses existing accounts of the FCC spectrum auctions, finds a lack of consensus both on the role of game theory and on the performance of the FCC auctions, and establishes the central task of the dissertation as evaluating the role of academic mechanism designers in acting as “consulting engineers.” Chapter 2 reviews the historical evolution of the communications industry for the purpose of understanding the policy approaches mechanism design would replace, who supported the new approach to communications policy, and why. Chapter 3

reviews the field of mechanism design, and finds three discrete and to some extent incompatible versions distinguished by modeling strategy and, importantly, by intended user of the expertise. Chapter 4 studies both the published accounts of the FCC mechanism design process as well as the unpublished materials in the FCC archives, and finds that the strategic imperatives of a handful of large telecommunications companies displaced the scientific imperatives of mechanism design. Chapter 5 reviews the empirical evidence for the performance of the spectrum auctions, and finds that policy imperatives, too, fell by the wayside. Chapter 6 concludes.

The most important lesson that emerges from the FCC auctions is that the “consulting engineer” model of research, so heralded by those eager to apply it to their own disciplines, is vulnerable to commercial imperatives.

For more information, please contact:

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economic sociology_the european electronic newsletter provides information for scholars interested in economic sociology, with an emphasis on events and developments in Europe. The newsletter is driven by the idea of free access to information and open communication.



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