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**Article**

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# Is economic sociology “ready” for globalization?

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Globalization has been a critical concern for social and economic analysis in the last two decades, but its relation to economic sociology remains a complicated one. The broad concept of globalization is frequently taken to refer to a general state of socio-economic life, as well as the logic driving different economic processes of production, interaction and exchange. It implies a certain novelty, suggesting that current economic arrangements are distinctive in their form and unprecedented in their extent. A critical question therefore arises as to how far existing frameworks of socio-economic analysis can account for the features and effects of globalization. In particular, how adequate are the conceptual tools of economic sociology for analysing global relations, exchanges and problems?

At first glance, economic sociology appears well-suited to such a task. The discipline’s range of analytic interests all translate fairly clearly into a global frame: the study of markets and marketization processes; socio-economic networks; firms and organizations; historical and comparative analysis of market formation; state policies in relation to the economy; money, financial instruments and risk; economic behaviour and rationality; cultures of economic life – all of these seem ready-made for the analysis of globalization. Yet economic sociologists have not engaged very directly with issues of globalization; in contrast, for instance, with the earlier and more sustained interest evident within the sociology of culture. And where sociology *has* taken on questions of economic globalization, this often has been on the part of thinkers who would not necessarily be identified with economic sociology as a strictly defined sub-discipline: witness, for example, the work of Immanuel Wallerstein and his colleagues on the globalizing phase of the capitalist world economy (Hopkins/Wallerstein 1996; Chase-Dunn 1998, 1999), of Manuel Castells (2000) on global network society, or Scott Lash and John Urry (1994) on the economy of signs and space .

This rather detached relation has emerged in spite of the coincidence between the “resurgence” of economic sociology from the early 1980s (Carruthers 2006: 3) and the growing analytic interest in issues of globalization over the same period. Even as the development of the new economic sociology marked a definite return to economic interests within the broader field of sociology, the sub-discipline grew in directions that largely avoided what was becoming the biggest economic story in the social sciences. There are good reasons for this, which do not have to do with the short-sightedness or poor critical judgement of economic sociologists. Economic sociology, for one thing, has developed around certain empirical commitments. Its resurgence in the early 1980s stemmed in large part from the analysis of networks, and more generally it has been concerned with the detailed study of firms, market structures, economic behaviour, and the practical forms taken in specific contexts by such economic phenomena as contracts, money, property, and so on. Set against this regard for the empirical, historical and local character of socio-economic arrangements, the notion of globalization can appear simply abstract. For economic sociologists, it might be said, all economic relations should be understood as local – in the sense that they obtain between definite actors, operate in specific spaces, are shaped by certain rules, norms and institutions, and are reproduced through particular kinds of behaviour. Glossing any of this in terms of a broad logic of globalization may be a way of dodging the harder questions of how economic action, interaction and organization actually work.

This has also to do with what remain two central precepts for economic sociology, even in its engagement with globalization: the idea that economic forms are *embedded* in social contexts, and *instituted* through formal and informal rules and modes of organizations, conventions of conduct and exchange, systems of law, politics and regulation (see Granovetter 1985; Polanyi 1992). Here is a key problematic for economic sociology in addressing contemporary economies: if a core argument in economic sociology concerns the embedded nature of economic life, how well does this argument fit with globalizing market processes? The latter can appear thoroughly disembedded from any local social and spatial contexts. Rather than abandoning the embeddedness thesis, however, this may

make it even more crucial to press the claim, accepted by all economic sociologists and more than a few economists, that markets (even global ones) do not operate by themselves. The forms that markets take, rather, depends on the institutional – economic, social and political – arrangements which support them.

I would contend, on this basis, that the conceptual frameworks developed within economic sociology are very well-suited to the analysis of key features of a globalizing economy. By way of argument we might consider just three, although very central, topics within economic sociology – markets, networks, and governance

## Markets

Processes of globalization can look like the triumph of the unfettered market on an international scale. Radically disembedded from local contexts, global markets – particularly those that operate through virtual networks – appear as a mode of exchange and interaction unbound by specific social and cultural settings, and beyond the regulatory reach of national governments. This is partly an effect of the rhetoric of footloose capital and runaway markets that inflects debates on globalization. Even so, there is some substance to the claim that financial exchanges within electronic markets, for instance, go beyond the calculation – let alone the control – of the human actors that are assumed to oversee them (see Castells 2000: 504).

Two responses might be made here. The first is that the hotted-up technology of these electronic networks intensifies and accelerates, but does not fundamentally alter, the basic dynamic of capitalist markets. Those precursors of economic sociology, Marx and Engels (1848: 224), of course put it very simply: the need for constantly expanding markets chases capital “over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.” This is not to say there is nothing new about global market processes, but it does suggest there is nothing novel in itself about the logic of globalizing capital: the will to expand, to seek new market opportunities, and to integrate distant actors has always been at the core of capitalist accumulation. The current period of globalization is premised on a set of technical and institutional innovations that help to extend and intensify these market dynamics, but certainly do not invent them.

The second point to make is that even highly “disembedded” markets remain susceptible to empirical analysis. Karin Knorr-Cetina’s work on global financial markets, for instance, starts from the premise that these market forms *are* largely decoupled from local situations, operating rather in a global socioeconomic frame. Yet these exchanges can be understood in terms of “global microstructures” of action and interaction. This nice oxymoron – global microstructures – points to how Knorr-Cetina uses approaches from microsociology, such as interactionism and ethnomethodology, to study the intricate ways in which global exchanges take shape (see Knorr-Cetina/Bruegger 2002; cf. Stearns/Mizruchi 2005).

Thinking about financial flows through electronic networks, however, is to think about the most effectively globalized of markets. Markets in goods or labour, in contrast – if these have also been speeded up and stretched out by the advances in production and transport technologies which drive economic globalization – still operate more slowly and more locally, and remain domesticated in critical ways. For example, while the United States doubled its export trade as a proportion of GDP between 1960 and 2000, the relevant figures involved a rise from 5 to 10 per cent. The other side of the story of the US’ spiralling trade deficits with China, Japan and the EU in the early years of the twenty-first century, is the fact that the world’s largest economy continues to sell its own goods and services largely to itself.

Against this backdrop, economic sociology can act as a corrective to more breathless accounts of globalizing markets. Different markets, simply, are “globalized” to different degrees and at different paces (or, of course, not globalized at all). In this context Neil Fligstein, as a leading economic sociologist whose work engages with international economic arrangements, has pointed to the ‘slow expansion and unevenness of global trade’ which continues to be dominated by the Triad or G3 economic blocs of North America, Europe, and the Asia-Pacific (Fligstein 2001: 196; see also Fligstein 2005). What is passed off as ‘global’ trade, then, in fact largely refers to a well-established trade between the leading regional economies – a point missed by a generalizing conception of globalization.

Moreover Fligstein’s work reminds us that markets, including globalizing ones, are characterized not only by dynamism, but by a tendency towards stability. The dynamic forces of competition and technological innovation, which

appear especially heightened in global markets, are always "situated in, defined by, and structured through the production of firms, their social relations with each other, and their relations to government" (Fligstein 2001: 4). It is these features of social organization – the relationships between firms, governments and other institutions – that create the relatively stable market conditions which are necessary for ongoing planning, investment, production and contracting. And it is worth noting that as much as one-third of transnational trade takes place *within* firms themselves; that is, the internal markets that operate inside multinational firms account for a significant share of cross-border market transactions. Rather than being increasingly disembedded and highly dynamic, a substantial number of "global" markets are to be found within fairly stable corporate environments.

## Networks

Economic sociology has critical origins in network analysis (Granovetter 1973; White 1981; see also White 2002), and this remains one of the main contributions it has to make to the analysis of globalizing processes. It is particularly relevant to the study of multinational corporations whose operations are dispersed both spatially and structurally, as they use subsidiary and subcontracting networks to locate research, design, manufacture, assembly and distribution functions in different geographical and organizational sites. United Nations figures estimate that by the beginning of the twenty-first century there were around 65,000 companies with headquarters in three countries or more, with up to 850,000 foreign subsidiaries (UNCTAD 2002). The multinational corporation brings together economic sociology's founding interests in the study of firms and of networks, as these leading players within the globalizing economy come to organize and understand themselves as networks. This is reflected in the way that production processes may be distributed across transnational space, but re-integrated through electronic networks and computer-controlled production technologies. As the institutional drivers of globalization, then, multinational corporations are highly dependent on the technical drivers represented by new information, communications, production and transport technologies.

Corporate and technological networks represent two key ways in which economic globalization proceeds through network structures, but on a more general level the network can be seen as the organizing principle for the

global economy as a whole. In a context where economic and social interactions increasingly are based on flows of capital, information and symbols through networks, the network form – as Manuel Castells (2000: 500) puts it – comes to "constitute the new social morphology of our society". Thinking in terms of the network – extensive, fluid, rapid, dynamic – tends to displace an older way of thinking about social and economic forms in terms of *structure*, more likely to emphasise issues of order, hierarchy, and stratification.

The network idea may be better-suited to changing social, economic and technical conditions, but the contrast between these two approaches points to a real problem with conceptualizing the global economy as a kind of "network of networks". It is questionable, that is, how far such a model is able to capture structural disparities between different places and actors within the network, or make visible sites of power and of exclusion. Here again, the empirical insights of an economic sociology of networks can serve to highlight the technical gaps, social divides, and economic inequities that occur in actual (rather than conceptual) networks, and which tend to belie an inclusive language of networked "flows". DiMaggio and Cohen's work on (2005) on the uneven distribution of information via television and the Internet, for instance, provides a basis for arguing that networks fail in a way that is similar to market failure, distributing information unevenly, externalizing social costs, producing inefficiencies and reproducing inequalities.

## Governance

"Network failure", like market failure, entails regulation. It is a basic tenet of economic sociology, of course, that economic arrangements are instituted and regulated by various means. Market exchanges, network relations, commodities, contracts and currencies are all organized by specific institutional forms, rules of conduct and conventional norms. The economy, to return to Polanyi, is an instituted process, held together by a variable mix of formal and informal relations, explicit and tacit rules, legal devices, social custom and policy measures. This article of faith for economic sociologists sits in an interesting relation to contemporary processes of globalization that at times are seen as simply ungovernable.

The question of governance, particularly in economic settings, goes beyond the activities of states to take in

various public, semi-public, private and civil actors engaged in steering economic processes and shaping economic outcomes. Strategies of governance in the global economy in this way range from the more or less commanding heights occupied by nation-states and international institutions, to the actions of private firms and business groups, trade unions, non-governmental organizations and social movements. These different players work both in the interest of existing global arrangements and in pursuit of their reform. Economic governance, what is more, does not refer only to positive forms of intervention, planning and regulation. Strategies of deregulation are also practices of governance. This point is particularly important given the way that global economic governance, particularly via multilateral institutions, has been pursued through programmes of deregulation and market liberalization. Market operations are conditioned by local, national and international organizations, legal frameworks and social networks: it follows that global markets are shaped by a complex architecture of political, organizational and contractual forms – at times in the direction of deregulation, at others in pursuit of tighter rules of conduct and compliance. The liberalization of finance markets and the abolition of currency controls which represented the leading edge of globalization in the 1970s and 1980s, for example, were counter-balanced by various efforts at re-regulation through international agreements and institutional fixes from the 1990s.

To a significant extent, indeed, globalization might be understood as an international version of managed capitalism. Comparative advantage in a global system is in no small part based on the strategic ability of nation-states (singly or in federation) not only to capitalize on but to insulate themselves from free markets, and to regulate in their own interests. This is not an unbridled global market. Rather the current system represents degrees of managed capitalism for some, and a path to globalization which is highly determined by the requirements of the International Monetary Fund or World Trade Organization (WTO) for much of the rest. In this sense there is no contradiction to be found in the fact that the United States retains certain highly protectionist impulses at home even as it acts as the leading advocate of globalization abroad; the model also works for the European Union, which can doggedly hold out on agricultural subsidies at the WTO, while arguing in the same forum for liberalization of the international trade in services, including basic public and municipal provision. An economic sociological perspective makes clear that the liberalization of water supply and

services, to take a critical example, involves not merely the opening up but the construction of a "free" market in this domain – one dominated by a small number of multinationals, and including substantial European interests.

## Conclusion

Globalization is one of the most pervasive, and often most poorly-defined concepts, in contemporary social analysis. It is right for sociologists to be sceptical about such generalizing conceptions; the contribution of economic sociology in this setting is to specify the socio-economic agents and exchanges, the institutional and organizational forms, the regulatory conventions and networks, that can disappear into an abstract logic of globalization. This is to say something about how economic sociology serves the discipline more generally. The ways in which economic phenomena are being reshaped by processes of globalization only makes necessary a renewed attention to some central concerns within the sociology of economic life – issues, that is, of production, labour, class, inequality and power (see Tonkiss 2006). There is still an argument, in a mobile world, for pinning such things down in specific spaces. Of course the issue of location is not only a problem for economic sociologists. The discipline more broadly has been brought into question as too nation- or state-centred to be adequate to the analysis of new global realities. This more general problem for the discipline, however, has particular resonance for economic sociology, given that the restructuring of economic relations has been so crucial to the increasingly mobile character of objects, ideas, information, images and agents. Still, economic arrangements, even under conditions of globalization, are hard to decouple from social, political and cultural contexts. If economies are properly seen as instituted processes, then the global economy is no exception. The organization of economic relations, the architecture of economic regulation, the terms of global exchange – all are instituted at various scales via a complex governance mix of states, corporations, private interest groups, non-governmental organizations and social movements. It may at times be analytically difficult, but this makes it no less important, to insist on the embedded and instituted character of economic processes which are increasingly international in character.

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