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# Note from the editor

Dear reader,

In the last two issues we have turned to adjacent fields and looked at anthropology and economics. In this issue we zoom in on geography. From this glance we suggest that at least these three disciplines are getting increasingly “sociological”. Sociological ideas, theories, concepts, and ways of reasoning are being used also outside of sociology. We also argue that sociologists can benefit from looking at works by scholars from adjacent fields. The similarity in basic scientific reasoning of particularly some branches of economic sociology, economic anthropology, and economic geography is substantial, which suggests that closer cooperation should not be difficult.

In this issue, we have an article on economic geography that we have written together with Dominic Power, an Irish born geographer based in Uppsala in Sweden. In addition to this, there is the thematic interview with Professor Gernot Grabher. There is a comment by Laurence Moss, the editor of *American Journal of Economics and Sociology*, a journal which despite its clearly non-European base, has harboured many articles by European sociologist and fostered debates between economists and sociologists, comments on economic sociology. This issue contains book

reviews solicited by the book review editor, Brooke Harrington. The books reviewed in this issue all reflect the chance that scholars have to step back and reflect on the foundations of our discipline(s). By the same token, we know that a close examination of the taken-for-granted can often stimulate new insights. In that spirit, we have chosen to review three books in this issue that each take a core term within economic sociology as their subject: wealth, the market and capitalism.

It has been a great pleasure to be the editor for the last three issues, a task I have done in close association with Sebastian Kohl. The two of us are now handing over the task to the new editor, Andrea Mennicken. I would, finally, very much like to welcome her, and we are all looking forward to the fall issue. If you already now want to contact her, this is her e-mail:

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Truly Yours,

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# Economic Sociology Discovering Economic Geography

By Patrik Aspers, Sebastian Kohl, and Dominic Power

## Introduction

This short article is an introduction and a brief overview of economic geography. In addition, the article aims to find out what sociologists can learn from geographers. There are two roots of economic geography. The first is economics and the second is geography (e.g., Peet 2002; Barnes 2001), and the relation between the economists and the geographers can either be described in terms of rivalry, or in terms of a dialogue (Duranton/ Storper 2006). Economics studies production, distribution, consumption and exchange. Geography studies man's habitat and spatialities, and the similarities and differences between spaces. It also studies the circulation of people, things and ideas between areas. A simple and easy-to-grasp-definition of economic geography is, "an inquiry into similarities, differences, and linkages within and between areas in the production, exchange, transfer, and consumption of goods and services" (Thoman 1968: 123). One basic idea of economic geography is to find a model that integrates opposing notions as convergence/divergence and centrifugal/centripetal forces, and to find out how they are related. Geographic questions can deal with describing distributions in space, for example, to explain how they are coming about or to show the consequences certain distributions have for other phenomena. The pivotal notion is space, and research questions revolve around how spatiality *affects* and intertwines with economic activities. Thus, as already Torsten Hägerstrand pointed out, most geographers are not interested in the relation between man and the surface of the earth, which the prefix *geo-* denotes. This refers to the domain of physical geography which is of no interest here. It is the relation between humans who are positioned differently in space that is of interest (Hägerstrand 1967: 6). He reminds us how essential space is for any social scientist:

*In a society where there are no appreciable time or cost obstacles preventing one individual from coming into contact with any other individual, relations within social space cannot be appreciably modified by the constraints of geometrical space...then we would approach the conditions of a one point*

*society, in which case the spatial interpretation of social phenomena would become quite uninteresting. So far, such conditions do not exist; therefore, spatial analysis has not completed the playing of its role (Hägerstrand 1967:7).*

Due to the two traditions of the discipline, economics and geography, one may speak of a *tension* within economic geography. This tension is even institutionalized; the *Journal of Economic Geography*, which is the economic geography journal with the highest impact factor, is divided into two parts – one run by economists and one run by geographers.<sup>1</sup> Given that the field of economics was covered in the last Newsletter, we focus on the geographical branch of economic geography.<sup>2</sup>

Space is a theme in several disciplines, including sociology. Durkheim functionally integrated the division of labour and geometric variables like the population density in his sociological explanations. In his discussion of suicide he also makes use of maps to indicate the distribution of variables through space.<sup>3</sup> He claimed, however, that geographic differences would only accidentally determine the direction of the specific division of labor. The classical sociologist who had perhaps the clearest conception of space is Simmel ([1908] 1983), whose ideas in this respect are related to Kant. In Simmel's discussion of sociology and the forms of *Vergesellschaftung* (the process when form and content come together and create a two-way directedness of influence), he specifically stresses the spatial dimension of social interaction, and spaces' profound role for analyses (Simmel [1903] 1983).<sup>4</sup> Max Weber, whose brother Alfred was to become a leading figure in economic geography, explicitly paid great attention to geography. This is noticeable in the text based on Max Weber's ([1923] 1981) lectures on economic history. He stresses geography as a factor when explaining different economic outcomes and variations in European capitalism (Swedberg 2005: 105). The Chicago school of sociology has a strong focus on space, especially urban spaces, and urban sociology naturally deals with space. In fact, urban geography has its roots in urban sociology (Duranton/Storper 2006:3). Jane Jacobs's (oder Jacob's) works have also influenced geographers. The field *city planning* can be seen as an intersection of sociology, geography, and also architecture. Fur-

thermore, the sociological literature on globalization, *initiated* by Immanuel Wallerstein's world system theory, is more or less occupied with space and spatiality. Also economic anthropology, which was discussed in this *Newsletter* in the fall of 2007, has of course a strong tradition of discussing space. It will therefore be of special interest to identify the similarities and dissimilarities between economic geography and economic sociology, only then can we be informed about what economic sociologists can learn from economic geographers.

The starting point of geography is the assumption that spatial differences matter.<sup>5</sup> This means that explanations of economic behaviour or structures have to take spatial conditions into account. Whereas ancient authors still considered the world as being construed in a holistic way<sup>6</sup>, the modern distinction between a natural and social sphere also invaded geography. Though geological features in space will not be of concern to us here, in a world more and more co-authored by technically-orientated human behaviour, also political, social, cultural or economic geography must include artefacts.<sup>7</sup>

One can divide the economic-geographical field into a theory-building, and an empirical and a political-engineering part (Schätzl 1974). It is also possible to identify a number of topics that have been researched. These reflect the history of economic development, ranging from the classical agricultural (resource-) and industrial geography, to service and marketing geography. Today the field covers a wide variety of topics and reflects a plethora of divergent approaches. Nonetheless, it can be suggested that some of the central issues the discipline is concerned with are: globalization, regional change, industrial districts, knowledge, innovation, gender, and consumption. But geographers have also addressed more general questions of capitalism.

In this article we firstly sum up geography's historic development as a scientific discipline and the themes it was concerned with. We then present some of the classical ideas as well of the development of *New Economic Geography* and its relation to economic geography rooted in the geography tradition. Finally, we discuss the relation between economic geography and sociology, and suggest some themes around which the disciplines can learn from each other.

## A Brief History of the Economic Geographic Field of Research

Geography, and economic geography, has, as any science, been affected by the society in which it is embedded. The precursors of geography are Herodotus, Strabo or Ptolemy and the early travellers' attempts of cartographies. The term itself goes back to Aristotle's *De mundo*. Modern geographic thought, however, began to develop more systematically in the age of discovery, when conqueror, discoverer, and scientist often was one and the same person. Equally important was the scientific revolution. Traditionally, geographical thoughts were founded on a notion of a given nature that was only to be revealed by God. One can speak of Humboldt as the founding father of modern geography (Livingstone 1990: 748). He replaced the theological geography with experimental scrutiny asking what the exact state of the given nature is and why it came about. In the pre-disciplinary period, ethnographical, geological, political, and sociological questions were still deeply intertwined. Furthermore, geographical questions were explicitly addressed at the same time that capitalism came to be more dominating. The importance of colonies in this context added to the propulsion of the geographical discipline. From a scientific point of view, ideas of a teleological, natural determinism had a strong impact on social scientists in the 19th century.<sup>8</sup> Human and cultural geography developed in opposition to these views, claiming that a settlement structure, for example, was not only to be explained by the environmental factors, but by independent cultural factors as well.

In the 19th century, and most explicitly with the founding in 1830 of the *Royal Geographic Society* in London, the *discipline* was promoted by civil geographic societies, which combined a scientific interest in geography with the curiosity about *terrae incognitae*. Geography gradually developed from being cartographic, exploration-oriented, and chronologic to be an explanatory science. The first chairs at universities in geography were introduced in 1871 (Schätzl 2003: 14). It was during this period of emergence of disciplines that economic geography entered into a division of labour with classical economics. Economics moved from the rather holistic approaches that had been developed since Smith, in an abstract theoretic direction, geography took a more empirical-inductive course moving within a naturalist-deterministic framework until the 1920s, when it was more influenced by the social sciences.

If we take a look at how economists had viewed space, it becomes clear that it was natural for thinkers even before Smith and Ricardo (Schumpeter [1954] 1981:373-376) to take into account geographic conditions like different distributions of production factors. They discussed how countries can have comparative trade advantages, and how transportation cost is reduced with a centralized production. When Alfred Marshall, the father of the idea of industrial districts, discussed this notion, be it in the context of textile industry in the UK, or the world of fashion design in Paris, he included geographical issues in his analyses. But he also explicitly relates the geographical dispersion of resources in the US, which triggers movement by people, to the country's ability of developing in not only economic aspects (Marshall 1920).

When Keynes discussed direct regional planning, he enhanced the discipline's importance and pointed to inductive theory building. After the *Second World War* geography as a whole came into a profound crisis.<sup>9</sup> The study of regions, which largely was idiographic, was more or less abandoned, and it was only in the 1980s that it was revived. In the US and Sweden, theory-building was given priority: there co-evolved a quantitative-nomological spatial analysis propagated by William Garrison and the so-called regional science initiated by Walter Isard which integrated the spatial dimension into the neoclassical equilibrium model.<sup>10</sup> Both these approaches are based on the *homo oeconomicus* as the ultimate unit of analysis, though one should see it as an attempt, at least by Isard, to bring geographers and economists together (Barnes 2004). It is thus clear that behavioural economics, already in the 1960s, tried to enrich the *decision tree* with components such as learning, information access, and usage ability (Pred 1967). Economists, however, did not pay much attention to geographical issues until the 1990s.

In Europe, much more than in the US, the traditional ideographic approach has remained as one form of research, and many have rejected the analytical equilibrium theory.<sup>11</sup> As a first approach we mention some ideas in development theory, such as circular and cumulative causation, that entered the field of economic geography. The basic idea of cumulative causation of investments is that once a region receives capital, a process of steady prosperity is triggered, in which the results of a first event lay the fertile foundation for the occurrence of a second. The same logic might apply to phenomena like poverty as well. Hirschman ([1958] 1967) broke with what he considered a too formalist mainstream economics and opened the per-

spective for the feedback – and complementary effects setting in once a latent capital resource is activated. Then, secondly, in the 1960s a Marxist way of radical economic geography (Harvey 1985) emerged, which centred on themes such as urbanization, structural crises or developmental inequalities that previously had been largely disregarded. Within this regional political economy paradigm (Sheppard 2000: 109ff), space is an endogenous outcome of economic processes, which are often determined by struggling interests and are accompanied by disrupting disequilibria. In this line of thought falls also Wallerstein's *World System Theory*. A third critical European response to nomothetic approaches could be labelled humanistic geography (Johnston 2001: 6195). It includes a range of phenomenological, idealistic, and existentialist ideas. Finally, in the 1980s, criticism of the highly structural way of theorizing as well as a declining interest of distributional questions weakened the Marxist research-stream. Giddens' (1984: 110ff) epistemic approach<sup>12</sup>, allowing both a superstructure and individual practice, strongly influenced several descriptive locality studies, returning to industrial-districts-approach in Italy or investigating inter-industrial networks in California (Scott, A. J. 2000: 27).<sup>13</sup> Out of Giddens' work developed a social theory strand of economic geography – as opposed to the spatial sciences – that emphasizes the interaction of space and social actors and integrates a variety of poststructuralist elements.<sup>14</sup>

At about the same time as globalization became a theme within geography, the transformation of the Fordist-production economy into a knowledge-based economy opened new paths to economic research. In the 1990s, economic geography encountered the theme of increasing returns, which, put simply, means that the bigger you are in a market, the more money you make (the more efficiently you produce – the profit still depends on the market structure), which has at least occasionally been the case in the software industry.<sup>15</sup> These ideas had already influenced theories about the new industrial organization, growth- and trade-theory (Krugman 1998). The development of this so-called *New Economic Geography* is almost a one-man-show by Paul Krugman, whose (1991a) work is the cornerstone of the new paradigm.<sup>16</sup> On the one hand, this formal approach to the subject-matter stands in opposition to a more substantively orientated economic geography (Peck 2000). On the other hand, this approach still seeks for acceptance by mainstream economics (Krugman 1998). Moreover, and although much theoretic model building has been done, the approach lacks empirical testing.

In opposition to the imperialistic tendencies of formal economics in geography, much interdisciplinary research has been conducted since the 1980s, some of which has used the institutions of post-Fordism as a general starting point (Peck 2000: 67). This is also sometimes referred to as the interpretative *cultural turn*, which one can identify across most social sciences. This turn has meant, within geography, that many economic-geographical phenomena have been redefined as specific cultural constructions or discourses to be analysed in an ethnographic or semiotic way (Thrift, Nigel 2000) or at least in relational terms (Harvey 2006:146). Others speak of a *relational turn* within the discipline (Boggs/ Rantisi 2003; Yeung 2005; Dicken/ Malmberg 2001); a notion which most sociologists recognize. As a consequence of these turns, the disciplinary borders become quite blurry<sup>17</sup> and ideas have been imported from postmodernist approaches. In the next section we try to identify a number of approaches and central ideas within the more recent economic geography, all of which must be seen in the light of the development just described.

### Theoretical Views from the Classics to the New Economic Geography

It is, as indicated, possible to divide economic geography into theory-building, empirical studies, and application. Whereas empirical research has generated a vast suite of case studies covering all manner of themes and places, an all embracing macro-theory of spatial systems has not been developed (Ritter 1998:1). Rather the discipline has often consciously avoided attempts at macro theorising and focused on addressing the specificities of contemporary places and processes. This may be partly explained since normative, or policy, implications may be stronger than in sociology. Since many theories can be interpreted (rightly or wrongly) to imply an optimum (equilibrium) distribution of entities in space, and because geographers are often concerned with specific regions' particularities, problems and planning, economic geographers have been widely invited into normative advice in regional planning (e.g. at the EU level).<sup>18</sup>

Let us turn to the subject matter. The earliest model in economic geography explaining economic distributions in space can be traced to von Thünen ([1803] 1826).<sup>19</sup> His model reduces abstract space to the distance between one core city and its surrounding area. Transportation costs make distance a relevant notion in Thünen's model. If one

assumes that the periphery provides the city with qualitatively different goods, then distance determines the location where these goods are produced. Geographic location determines the specialization of an area. The underlying law of spatial distribution is the return on the land, which has to be equal everywhere in a stable state. Consequently, the city will be encircled by rings with the cheapest product being produced just outside its borders. While many of these assumptions draw a quite idealized picture both of the economy and of space differences, the basic question and approach remained the same when Christaller, Lösch, and much later Krugman, attempted to deal with location theory problems.

Alfred Weber, when he wrote his work in 1909, used location theory but included the idea of the entrepreneurial decision. The optimal location for one's industry can be deduced from three given parameters: differentiated costs of immobile labor, transportation costs depending on distance and weight, and the assumed positive agglomeration effects. Once a transportation-cost minimizing point is located, location is shifted in direction of places where the savings in labour cost exceed the disadvantages of higher transportation costs. Finally, a multitude of other firms is admitted, shifting the optimal location point once more in the direction of most agglomerated areas. Weber's view was innovative considering that he not only combined formerly macroeconomic matters with geographic themes, but it also pointed to empirical studies on localization decisions. His line of thought was continued by Walter Isard and David Smith.

Location theory is mainly based upon the two pillars (Gorter/ Nijkamp 2001), transportation and agglomeration, resulting from externalities,<sup>20</sup> and associated with location decisions. Both can be considered to have a theoretical kinship with industrial organization and trade theory. The latter deals with another major theme in economic geography: economic growth and regional development in a wider sense. There are several sub-disciplines, ranging from neoclassical and new growth theory, regional science, development theory, to Marxist and postcolonial approaches, each with its own perspective on economic growth and regional development. Whereas classical economic theory held the view that unrestrained flow of labour and capital would lead to an equal growth according to the laws of capital accumulation, Myrdal argued that one could discern processes of cumulative causation of economic and non-economic factors that could lead to vicious cycles of poverty. Actually, the rather optimistic

modernization theory never really entered into geography – core-periphery models and a Marxist way of thinking around 1980 were more in fashion (Glassman 2001). Marxist studies mainly accentuated the unevenness of income and power distributions across both the international and national landscape. Within developing countries one could observe a divide between primate urban centers, former locations of colonial administrations, and hinterlands. Whereas the latter remain backward, the urban centres witness a tremendous economic growth with the parallel problems of overpopulation and pollution.<sup>21</sup> The Marxist concern to avoid *spatial fetishism*<sup>22</sup>, i.e. taking geographical and not social factors as the cause of social outcomes, opened new doors to consider such variables as gender, race or ethnic origin in geographical studies. In the Marxist view, space is the product of social relations, which are effects of the material relation of production. The inter-spatial relations between different societies are to be considered in categories of exploitation, which tends to increase inequalities. Finally, Marxist geographers emphasize the alienated relation between capitalist production and human interaction with nature (resources) that will be a decisive factor in changing the production system. Marxist ideas are also the starting point in the *Global Commodity/ the Global Value Chain* literature, which substantially draws from sociology, political economy and geography. This literature refers to the role spatial connections and flows play for development and the distribution of gains and losses.

Cultural geographers share the critique of environmental determination views, but they also oppose the structural bias of the hitherto mentioned literature. Instead a subjective view was suggested considering that “people tend to be regional geographers in their everyday consciousness” (Wood 1968). Whereas its early founding father Carl Sauer was concerned with the way people themselves conceive the space they live in, for example, the cultural differences of perceptions along the US-Mexican border, the literature after the linguistic turn worked in the framework of treating landscape as text, writable, re-writable and interpretable like a sheet of paper (see e.g. work by James Duncer). Former Marxist cultural geographers defetishized an objectivist notion of culture and hinted at the underlying processes of social constitution (Cosgrove 1985). Others have interpreted the geographical literature as a cultural representation with its own context. In this literature, there is a variety of themes (Pratt 2001), such as the investigation of the close link between place- and identity-construction in ghetto-cultures. As people dwell in a certain place, they

begin to form collective representations about this place that becomes their neighbourhood. These representations are symbolized by the place which becomes an attribute of the people living there. When people from outside perceive this community and its locally symbolized self-interpretation, they either want to adhere or remain outside. Thus, representations of places and their objectivation propel the dynamics of segregation. Another theme is the role representation of a land via maps helped to construct modern states or influenced the way colonizers thought about very remote countries.

In recent years, a key preoccupation in economic geography has been its relationship to others claiming the title of *economic geographers*. From economics a number of authors have addressed what they consider central concerns for the development of an *economic geographical* approach to the economy. These *new* economic geographers have caused considerable debate and reflection within those circles that consider themselves representative of an *older* economic geography tradition. Whether these new authors have been seen as symbolic of cross border invaders ignorant of the fertile fields they are stepping into or as important contributors to a developing dialogue on economic geography is subject to debate (Martin 1999a; Krugman 2000; Martin 1999b; Martin/ Sunley 1996; Power 2001).

Whilst working in the epistemological framework of economics Krugman differs from mainstream economics in the emphasis he puts on increasing production returns (decreasing marginal costs) resulting from economies of scale, agglomeration effects, etc. This leads to imperfect competition, and as a result, further clustering and international polarization. From a sociological point of view, we may see this as somewhat in line with the Marshall-Chamberlin-Whitean idea of monopolistic competition and the emergence of niches, though Krugman stresses space as a way of creating niches. Krugman’s core-periphery-model can be considered as a reference point for economic models taking into account possible spatial differentiation and increasing returns (1991b). He assumes a two-region economy with immobile agriculture producing with constant-return having costless transportation and mobile manufacture producing with increasing returns<sup>23</sup> and iceberg transportation costs.<sup>24</sup> Model oriented theorisations that are heavily reliant upon relatively fixed assumptions and ideas of immobile factor conditions have deeply troubled many geography-based economic geographers. In particular, there is the worry that the *new economic geography*



approach is too laden with abstracted universalism, reductionism, and mathematical determinism. As Power notes: "It fails to critically engage with the complexity and realities of the spatial economy, and the result is that it can tell us little to help deal with such pressing problems as uneven development, less favoured regions, and urban redevelopment" (Power 2001: 55).

Much of geographer's critique of new variants of location theory as well as an observable shift away from the Marxism that characterised much of economic geography in the 1970s and 1980s seems to stem from geographers' concern to address the dynamic post-Fordist phenomena that do not easily fit into either perspective. Phenomena such as the parallel internationalization of production and finance, the setting-up of entirely new industrial places, the rise of developing countries, and growth in virtually mediated spatial processes are not easily grasped by pure core-periphery models. Towards the end of the 1980s a growing recognition of the complexity and inconsistencies of spatial flows and processes in an era of globalisation was combined with a resurgence in interest in regional dynamics and in the idea that these dynamics can be interrupted and even reversed (Scott/ Storper 1986). Storper suggested that we need to re-examine our understanding of region and that the black box of entrepreneurial decision making had not been sufficiently opened. He claims that regionalization is not a by-product of the economy, but is part of a new way of coordination that implies an uneven development of regions. Central to his idea is the fusion of geographical organization and territorial development views. The idea is that a firm's initial location attracts more firms, with additional services. This leads to urbanization with growing markets and, as a consequence, higher prices in the centre. This feeds back to the production organization and incites further disintegration and geographical dispersion of subunits involving cheap labour. This also promotes a more specified division of labour in line with Adam Smith's argument. Simultaneously, these processes lead to higher *transaction costs* (cf. Storper/ Scott 1995) that induce new processes of agglomeration. As a result the territorial development and patterns describe in detail how social processes lead to capitalism (Storper 1989: 10). Besides industrial organization and territorial aspects, technology is suggested as a decisive factor in bringing about change both in the production regime and its spatial distribution.

Work such as Storper's feeds directly into a central question in contemporary economic geography: why is it that

despite globalisation and advances in communications there seems to be an increased role in the global economy for regional sectoral concentrations and agglomerations? Perhaps unsurprisingly certain globally powerful but relatively specialised regional hubs have fascinated economic geographers: e.g. Hollywood (Scott 2002; Currah 2006; Scott 2005; Christopherson/ Storper 1986), the finance district in the City of London (Thrift, N 2000; Thrift/ Leyshon 1994; Tickell 1996; Tickell 2000), Silicon Valley (Saxenian 1994; Angel 1991), and Cambridge biotechnology (Cooke 2002; Keeble, et al. 1999; Lawton-Smith, et al. 2001). In recent years, much of this interest in dynamics and foundations of regional agglomeration has been linked with notions of regional competitiveness. In this respect Michael Porter's cluster framework has become extremely influential, though often controversial, and generated both theoretic discussions as well as a wealth of empirical literature (Porter 2000; Malmberg/ Maskell 2002; Malmberg/ Power 2005; Malmberg/ Power 2006; Martin/ Sunley 2003).

Whether work has focused on spaces conceived of as clusters, industrial districts, regional innovation systems, localised milieus, competence blocks, regions, global cities, etc. there has been an overwhelming focus on the importance of knowledge, and innovation, in spatial processes – and space's role in knowledge and innovation processes. There is no doubt that economic geographers have made substantial contribution to our understanding of how knowledge and place are connected and how knowledge and innovation are deeply connected to different spatial processes (Gertler 2004; Amin/ Cohendet 2004; Gertler 2001; Gertler 2003; Malmberg/ Maskell 2002; Bathelt/ Malmberg/ Maskell 2004; Weller 2007; Braczyk/ Cooke/ Heidenreich 1998; Feldman 2000), (Maskell/ Malmberg 2007). There are, of course, also review-oriented articles on knowledge, which may be of great interest to anyone researching the topic (Gertler 2003). Issues of upgrading in supply chains have also been widely discussed and analyzed by economic geographers in journals such as *Economic Geography*, *Journal of Economic Geography* and *Global Networks*.

Beyond the above mentioned economic geographers have engaged with so many other topics that it is difficult to summarise or group them. However, in recent years there have been certain notable themes and industrial foci: cultural economy and cultural industries (Banks, et al. 2000; O'Connor 1998; Power/ Scott 2004; Pratt 1997; Rantisi 2004; Scott 2000); alternative exchange and trading sys-

tems (Hughes 2005; Leyshon/ Lee/ Williams 2003); project based working (Grabher 2002a; Grabher 2002b; Grabher 2001b; Grabher 2001a; Vinodrai 2006); consumption (Aoyama 2007; Crang 1996; Crewe 2000; Crewe 2001; Crewe/ Beaverstock 1998; Crewe/ Gregson 1998; Jackson, et al. 1998; Wrigley/ Lowe 1996); the firm (Taylor/ Asheim 2001; Yeung 2001); gendered work and economic spaces (McDowell/ Court 1994; McDowell 1997; Leslie/Reimer 2003; Crewe 2001); biotechnology clusters (Cooke 2002; Mattsson 2007; Waxell 2005); global commodity and value chains (Power/ Hallencreutz 2007; Leslie/ Reimer 1999; Hughes/ Reimer 2004).

These are, of course, only a small sample of the issues, places, spaces, and phenomena that economic geographers have studied. There are nonetheless issues and phenomena that economic sociologists have also looked at, and we may wonder if the two disciplines interact to the extent that they should.

## Interaction

Our concern with this article, as mentioned, is less to achieve a complete overview of the issues and work that economic geography encompasses but rather to stress the importance of interdisciplinary exchanges. Such exchanges are nothing new to economic geography and even the briefest glance at its recent history reveals that the discipline is far from passive in seeking out new exchanges and imports. However, much of the interaction between the two disciplines has seemed to be from the geographers side who have imported much from economic sociology. This is not to say that sociology is indifferent to the spatial dimension. Giddens' work, for instance, drew upon time-geographical themes that were both abstract and themselves already quite close to social theory.<sup>25</sup> Polanyi, though not being a sociologist, was also highly aware of the spatial dimension and his substantialist critique can also be directed to sociological concepts (e.g. class determinism). Bourdieu, with the idea of field, stresses the spatial distribution not only in society, but, for example, between art galleries at *the left bank* and *the right bank* of Seine. Furthermore, abstract trade theory can hardly validate any hypotheses if it does not consider the size and historic development of the specific economy or the specific goods traded, and Polanyi says, "Such differences could be ignored by theory, but their consequences could not be equally disregarded in practice." (Polanyi [1944] 2001: 216).

Space has since the cultural turn of the 1980s, been seen as socially constituted, and this suggests that one can even speak of a sociologization of geography<sup>26</sup>. It was, however, not until the early 1990s that culture became a factor in explaining spatial difference, as well as a topic of research in its own right, and only then did it make a significant impact in economic geography (Scott 2004:488).

There is also a more phenomenological idea of space that is common in sociology, which can be used for analyzing geographical concerns with space and spatiality. This idea can be most clearly seen in the works of Alfred Schütz, who speak of provinces of meaning. A province of meaning is defined by its *cognitive style* and the *chocks* that people experience when moving between different provinces (Schütz 1962: 230-234). This is a form of cognitive-spatial approach.

For an outsider the many different conceptions of space that one finds in economic geography make it harder to extract a clear idea that can be imported (as for example the structural notion of network has been exported to geography from sociology). Notions of space in economic geography range from ideal notions, to ideas of concrete objectively given containers, and their relative-systematic arrangement or subjectively constituted spatial reality (Wardenga 2002). It is in this light we see a connection between the somewhat more metaphorical and often more sociological use of space that some geographers use (e.g., Hauge 2007), and sociological ideas about knowledge and meaning that often are spatially distributed (Aspers 2006). In fact, the great variation in meaning that the notion *space* captures, suggest that it is increasingly seldom seen as physical, which means that the question of *what is space* in the words of David Harvey, is "replaced by the question *how is it that the different human practices create and make use of different conceptualization of space*" (Harvey 2006:126). This sociological idea suggests that some of the things that geographers investigate may often be more directly addressed without the detour of space (Harvey 2006:119-120).

The sociologization of geography can also be observed if one looks at the texts that geographers cite. It is not only our impression that sociologists are, relatively speaking, frequently cited by economic geographers, this is also a finding by insiders (Boggs/ Rantisi 2003:109). Some have even explicitly discussed developments in economic sociology. Grabher (2006) has traced the use of networks by economic geographers to its development in sociology.

The United Kingdom seems to be an especially fertile ground for cooperation between geographers and sociologists, see for example the volume edited by Gregory and Urry (1985b).

We agree that one may view economic geography as a *synthetic, transdisciplinary field* (Peet 2002: 387). This has both positive and negative consequences for sociologists who want to enter the field to learn more about the economy. We are, perhaps, somewhat more sceptical about the theoretical net benefit a sociologist might have by entering the field of economic geography than, for example, economic anthropology. Mere ideographic descriptions of spatial distribution are informative, but may offer less in terms of theoretical surplus. To take spatial distributions as effects of social activity or to consider their consequences on social variables requires the theorist, however, to rely once more on broader sociological frames: at least for those who do not claim to be interested in the objective flows or movements per se. The main reason why we, by this short review, have found fewer ideas to bring back to sociology is that economic geography at least in the past has been more object-driven than theory- or methodology-driven. Another reason is the size of the fields; geography is clearly smaller than sociology.<sup>27</sup> There is no doubt that space is important and that economic geographers have made important contributions to our understanding of the economy in respect of globalization, innovation, knowledge, and many other fields. The transdisciplinarity also has the positive consequence that economic geography is relatively accessible to sociologists. The general view that space and spatiality are central aspects is of course correct, and it is clear that economic sociologists can learn much from geographers. Economic geography with its history of different methods is especially apt for sociologists who want to get new insights but are not willing or able, to make larger adjustments to their world-view.

One conclusion, is that there are many similarities in terms of topics of research; it may be the social science that stands closest to sociology, at least when it comes to the study of the economy. There are, in addition, many theoretical viewpoints that economic sociologists and economic geographers share. The communication, in other words, should not be very difficult given that there are so many questions that need detailed and careful attention.

Let us therefore look at two questions that are crucial to both geographers and sociologists. It is painfully true that economic sociologists have not been able to solve the issue

of what is *economy*, and what is not *economy*; this central theme has simply been assumed in economic sociology (Sklair 1997). This basic question is probably best addressed by people with different disciplinary backgrounds who can interact with each other. And given that it is the presupposition of all the disciplines that study this *object*, it should be an obvious target of research.

The other question is not restricted to the economy, though it is central also in studies of the economy. The question is as simple as it is hard to address: *what is time*? This question becomes urgent to address because the economy is so much about timing, innovation, uncertainty, and expectation, all of which are connected to this basic question. One geographer who explicitly tried to integrate the role of time into the study of space, in what is called time-geography, was Torsten Hägerstrand (1967). Though one may question Hägerstrand's more naturalistic approach, which makes it hard to treat time and space in anything but objective categories, it is clear that the inclusion of time into the analysis of innovation is a major achievement since it views space and time as resources (Mattsson 2007).

From a more philosophical perspective, but also from the perspective of geography (Harvey 2006:123), is it wise to follow Hägerstrand and analyze time and space together. Hence, space is one of the most central notions in the social science, and is like time of such complexity that one discipline cannot address it alone. This complexity of the notion is emphasized by Harvey: "space turns out to be an extraordinarily complicated key word. It functions as a compound word and has multiple determinations such that no one of its particular meanings can properly be understood in isolation from all the others. But that is precisely what makes the term, particularly when conjoined with time, so rich in possibilities" (2006:148). We see a great opportunity for collaborative work between sociologists and geographers in the analysis of the two basic issues of time and space. Such collaboration might avoid the Kantian aprioristic route, and instead build upon a Simmelian approach in which space and time is necessarily connected with the social. There are also philosophers who we can line up as candidates for understanding the ontology of time-space (cf. Harvey 2006). One philosopher stands out, Martin Heidegger ([1927] 2001), as he stresses how space is connected to being, and of course with time. Heidegger naturally cannot guide researchers in terms of how to conduct empirical research, but his thinking is a way to understand the ontology of space. This route, as far

as we are aware, has not yet been tested in relation to understanding socio-spatial economic processes.

More generally, it is our impression, after having studied economic geography, economic anthropology, economics, and indirectly sociology, that all disciplines are constrained in their thinking by their own histories, in which the disciplines have created regional ontologies which still keep the disciplines tamed, and make it harder to come up with new ideas. All disciplines, moreover, are caught within a scientific-explanatory ideal, which is deeply rooted in an observer-centred worldview. Maybe the spellbound can be broken by an approach that has a method to clarify the foundation so that we can become aware of the restrictions. By taking this phenomenological route it may be possible to uncover what has been covered by layers of taken-for-granted reasoning and ideas that the social sciences have generated over the last 100-150 years, all of which may not be to our benefit. We want, in short, to get back to the things themselves.

### Traditions:

German Social Geography

British Human Geography

American Cultural Geography

French Marxism

American Regional Science

### Key People:

J.H. von Thünen (1783-1850)

August Lösch (1906-1945)

Walter Christaller (1893-1969)

Alfred Weber (1868-1958)

Torsten Hägerstrand (1916-2004)

David Harvey (\*1935)

Paul Krugman (\*1953)

### Key concepts: space, place, environment

### Journals:

Journal of Economic Geography

Economic Geography

Global Networks

Annals of the Association of American Geographers

Antipode: A Radical Journal of Geography

Geographical Review

Journal of Regional Science

Environment and Planning

Regional Studies

### General Reference Literature:

The Dictionary of Human Geography

The Oxford Handbook of Economic Geography

The Blackwell Companion to Economic Geography

### Endnotes

<sup>1</sup>See for example the four highly divergent and often polemical reviews of Krugman's approach in the January issue 2001.

<sup>2</sup>The highly entangled world of approaches after the 1980s, however, restrains our intention. The lack of clear-cut borderlines of the geographic discipline might be due to the fact, that it constructs a dimension (space) and not *traditional* objects (like the society) in its scientific endeavour. Putting it in these terms of non-objectivist science reveals the ambivalent character one can assign to space.

<sup>3</sup>See also Durkheim's exchange with Paul Vidal de la Blache, who established la géographie humaine. One could claim that the division of sociology and geography was simultaneously established at that time (Gregory/Urry 1985a). Although Durkheim's project of sociology was an interdisciplinary one, another of his rival sociologist groups, Le Playist, began a research in "social geography" (Lukes 1973: 394).

**4**Simmel, however, did not discuss the notion of space explicitly in relation to economic issues.

**5**Even in the most virtual telemediating services geography still plays a role. See some business examples (Goddard/Richardson 1996; Graham 2008; Zook 2005; Graham/Marvin 1996). There is no evidence for an end of geography, a thesis that is sometimes posed in globalization contexts.

**6**Saunders (1987) notices that the classics treated *space* not as a central concept, but rather *en passant*.

**7**Latour's non-human agents are well-known in cultural geography (Pratt 2001).

**8**From the early environmentalists, who claimed a deterministic influence of the environment via the senses on the individual, deterministic thought continued in Darwinism and in modern mechanic location-optimization models as well.

**9**See for a post-war history review (Scott, A. J. 2000) and therein more literature about the discipline's history.

**10** There is also talk of the *Quantitative Revolution* in the 1960s.

**11**Though it is somewhat outside the scope of the paper, the mainly US-American spatial sciences are more quantitatively oriented and deal pre-eminently with location theory. They provide more practical applications such as the Geographical Information System (GIS).

**12**Giddens intended explicitly to intertwine different disciplines and actively consulted geographic literature.

**13**Storper discerns three different schools that rediscovered the importance of regions (see Storper 1997: 1-26)

**14**David Held and Göran Therborn are other sociologists who have dealt with globalization from a spatial point of view.

**15**Increasing returns refers here to the Chamberlin tradition of monopolistic competition in which market size result in higher profit. Increasing returns is opposed to one of the laws that Say postulated: The more one produces, for example the more workers one employs in a factory, the less is the contribution of one extra worker. Not even economies of scale creates conditions that changes this "law" (Schumpeter [1954] 1981:584-588).

**16**See also a newer restatement of their approach (Fujita/Krugman/Venables 1999).

**17**See (Barnett 1998) for a critical review of the cultural wave. Buttner (2001: 7064) remarks that humanistic, critical, radical, or social geography often intersect and they mostly share a subjectivist view a some normative undertone.

**18**Like in anthropology the history of the geographic discipline is ambiguously interwoven with the imperialistic movement. See (Friedman 2003: 109) for literature recommendations. This concerns much of what one could refer to as political geography. Ratzel, for example, invented the term *Lebensraum*, a specific environment adequate mainly for one ethnic group. Within the Nazi-regime this term was re-interpreted as a geological (Sprout 1968) concept.

**19**Born in 1783, von Thünen had already early (1803) developed the basic equilibrium model of his Isolated State (1826). He not only made contemporary discoveries on his own, but can be considered the forerunner of Malthus and Ricardo. Partly because he wrote in German, due to von Böhm-Bawerk's less favourable interpretation of him, and because of von Thünen's ambivalent doctrine of a natural wage, his works remained underestimated. There are both geographers and equilibrium-economists who could claim his works as belonging to their discipline. See Samuelson (1983) for these points, further literature and a reconstruction of von Thünen's basic model. This model, however, makes up only the first part of Thünen's whole oeuvre (including many letters) which contains an abundance of institutionalist (cooperative production, profit-sharing) and normative social-philosophical ideas as well (Engelhardt 1993). Thünen's own manor served him for practically testing out his ideas and providing him equally with data for one of the first social analyses even before Engels.

**20**See Marshall's ([1920] 1961) discussion of external economies.

**21**This being one domain of urban geography.

**22**In that the geographic discipline is itself put under suspicion of ideology if they naturalize *false* social constructs.

**23**This model is a derivative from the standard model of monopolistic competition (Dixit/Stiglitz 1977).

**24**Due to modelling specificities transportation costs are assumed to be increasing, as if the transported good was a melting iceberg (Samuelson), thus constantly devaluating.

**25**He found a common ground with time geography through the understanding that the life path of ordinary, everyday practices constitutes the basis of the overall organization of social systems. Space in Giddens' view is both constraining in that for example the body can't get out of it and enabling in that it is only in space that interaction takes place.

**26**Of the four fields of research that have been in play in the three issues, anthropology, economics, geography and sociology, geography is the smallest, and therefore most likely to *import* ideas. One way to measure the size of a field is to count the number of journals listed in the Social Science Citation Index: 175 economics journals, 93 sociology, 53 anthropology, and 39 geography journals are listed. If we exclude economics, we have not identified the number of journals that are oriented to economic issues, but an estimate is that about 5-15% of the journals, are more or less central for researchers that focus on *the economy*.

**27**According to Warf (2001) it was social theory that made geography a theoretical science.

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## A Conversation with Gernot Grabher

*The interview with Professor Gernot Grabher was made at the University of Bonn, where Grabher is chair of the research area Socio-Economics of Space. The office is located at the end of a corridor of a beautiful building in an area of lovely Jugendstil villas, where the Austrian born geographer works. From his publication list, one can notice that he works a lot.<sup>1</sup> Grabher is the author of several books and numerous journal articles including The Neglected King: Consumers in the New Knowledge Ecology of Innovation. (In: *Economic Geography* 2008, 3, with O. Ibert and S. Flohr); Paradoxes of Creativity: Managerial Challenges in the Creative Industries. (In: *Journal of Organizational Behavior* 2007, 3, with R. DeFillippi and C. Jones); Trading Routes, Bypasses, and Risky Intersections: Mapping the Travels of Networks between Economic Sociology and Economic Geography. (In: *Progress in Human Geography* 2006, 2).*

*He is the editor of Economic Geography and board member of six journals. Grabher received his Ph.D. with distinction in Urban and Regional Planning from Vienna Technical University. As the interview begins at a quarter past six on the 26th of June, we talk while the birds' twittering can be heard through the open windows, which makes us feel the fresh air of this early summer day.*

*I begin by asking Gernot a typical first question of an interview: "How come that you have picked up geography?" I then take a sip of coffee that Gernot has offered me, and begin to listen to what he has to say.*

**Gernot Grabher:** I guess I should start by saying that I was trained as an urban planner and, you know, planning is focused on solving concrete real-world problems, it is less concerned with disciplinary boundaries or – phrased differently – it doesn't have very strong loyalties to any single discipline. So, I think, planning really cultivates a sense of openness, or if you like, shameless eclecticism. And that was the background, in a sense. I first got in touch with geography, during my stay at the *Wissenschaftszentrum Berlin*. I'd been invited to join a European Science Foundation Network on regional and urban restructuring and right from the beginning I was attracted by the approaches of scholars like Ash Amin, Nigel Thrift, and Peter Dicken, for example, just to name a few, and what I found so attractive about their approaches was that they

didn't explain regional evolution in terms of the more traditional repertoire of regional-economic variables like the sectoral structure of a region. Rather their analysis was very sensitive to this interrelation between historical trajectories, societal structures, political conditions, and regionally specific conventions, traditions, and norms. So the point for me was that their analysis wasn't only so much more richer, but that they also, in a sense, redefined the relation between economy, society, and space – for me in a very convincing fashion. Space was no longer just conceived as a passive container, in which economic and social forces play out somehow, but space was co-produced through markets and the economy. However, this is the scientific ex-post rationalization. I think of no less importance was the fact that I very much enjoyed the company of these guys from Bristol, Durham, and Manchester, and not just during the conference meetings, but no less afterwards. And as a consequence, British geography was on my radar, as a source of inspiration, but also as a possible place to work. And it didn't take very long before I took up a position at *King's College London*, first as a lecturer, then as a reader in economic geography. So that's basically how I came to geography through this network of British geographers, and not through continental geography, which represents a very different breed of geography that is much more aware of disciplinary boundaries. The British geography, in a sense, was so attractive to me because it had all this openness to a range of social science approaches.

*Did you start out from practical interest and then turned more into theoretical problems, or?*

I think first it was more the theoretical attraction of working with a completely different set of variables, if you like. Usually, you would start with a somewhat traditional shift-and-share analysis and regional sectoral structures. Working on the decline of old industrial areas, however, I could see you can't explain regional decline just in terms of their sectoral decline – old industrial areas don't decline just because they have the wrong sectoral structure so to speak, but they decline also because there is a whole range of societal, political, cultural factors that reinforce path dependent processes. And to really stop or even reverse these processes of decline, one has to look first and foremost into what appears secondary from a more traditional

economic geographic view, like the particular types of regional networks, the interplay between all sorts of public institutions, the reproduction of a particular regional identity and worldview, and the like.

And that helped me very much in understanding and theorizing regional decline in terms of a lock-in of regional development.

*I also know you are having a clear interest in sociology.2 Could you say something about the development when you started to see the value of sociological theories and sociological work? Was that at the same time, or would you say that sociology came to you at a later stage?*

When I came to the *Wissenschaftszentrum*, I was placed between colleagues like Arndt Sorge, who was internal supervisor of my PhD project, and also Wolfgang Streeck. I was already placed in a milieu that was filled with the respective theoretical debates, but I think to me the real change came – and this sounds really kitschy – when I came across Granovetter's papers. Gary Herrigel was a PhD for some time in Germany, and he just mentioned Granovetter with the words: "Just have a look at these papers". And I thought this is really very helpful for getting a theoretically broader conception of processes of regional evolution, the idea of embeddedness in general, and his reasoning on the strength of weak ties more particularly. That was in 1988-89...before the wall came down. And in a very naive sense not knowing who Granovetter was or what the status of Granovetter was in academia, I as a young PhD, invited him to come to the *Wissenschaftszentrum*. And, surprisingly, he accepted. And that was just wonderful, he was there for six weeks, or seven weeks, and came with the different parts of his manuscript and that opened up a whole new range of literatures to me.

*And it is really through Granovetter and his network approach that you discovered sociology, one could say?*

Yes, when I was really drawn to this network-embeddedness paradigm, broadly speaking. Later, in 1990, I'd organized a conference at the *Wissenschaftszentrum Berlin* (WZB) on networks. I mean I really should be grateful to the WZB for the opportunities to bring in all these brilliant colleagues! At my network conference, Woody Powell was present and that was, in a sense, a confrontation with the concepts and tools of social network analysis. One result of this workshop was *The Embedded Firm* (Grabher 1993), and this book, I think, is amongst two or three other pieces

that brought the embeddedness-network paradigms, for good or for worse, to economic geography. And then the next and that is the closest tie is my contact with David Stark. When I finished my work on the decline of old industrial areas I found myself literally placed within this grand laboratory to study regional and institutional transformation that had opened up when the Wall came down in 1989.

But at the very beginning the research on these transformation processes was either very descriptive or very much phrased and framed in terms of shock therapy, as proposed by Jeffrey Sachs. And so, coming across David Stark's work was just providing a very robust and inspiring alternative of how to think about the transformation process, again as a more path-dependent trajectory, as a non-teleological process. And I was also able to invite him to the WZB. And that time turned out to be very – I think at least for me! – very fruitful and we didn't just work on the post-socialist transformation, but also on this notion of heterarchy and heterarchic organizations and the role of slack und redundant capacities in evolutionary processes. And in fact, the relation with David has grown stronger over the years, and influenced my work on various empirical fields.

*What I would like to come to is...how do you relate the idea of network to your own background in geography? Where do you see clashes and where do you see the clear connections where it is easy to tie the two together?*

I mean the traditional – and this is really more the continental geography – is referred to as *Länderkunde*, which means your prime object of investigation is a particular space or *Landschaft* that you try to describe and understand in its totality, from the natural preconditions to the population structure. And during the last 10-15 years or so, there has been a shift, there is an ongoing debate on a relational turn in geography. So it's no longer that you focus primarily on this space in its totality, but you try to understand social and economic relations in their historical and spatial contexts. So the prime analytical focus are the relations between individual and collective actors within and across regions. The analytical focus is no longer on understanding the space as a pre-given, naturalized container filled, as it were, with firms, institutions, people etc., in its totality.

And that's where the network-metaphor or template or set of tools really came in. However, I think we tend to use

networks in a very generic sense and although there is some network literacy that goes beyond key notions like *tertius gaudens*, structural holes, or bridging ties, for example – they are rarely applied in the rigorous fashion of social network analysis. So in economic geography people focus more on how these relations evolve, how they change structure or content, how they evolve from a very shallow tie into dense ties which eventually might even end up in social closure. I think economic geography is comparatively good with regard to the content and dynamics of ties, but we're weak on structure, and I think that's something we should really take on board more deliberately.

*You mentioned that you are strong on content. Can you give some examples even from your own work or from other works that indicate what you mean by that?*

For example, when you analyse the local and global networks of a particular firm. Our analysis might be less concerned with the formal structure of these networks. But we might say something about the more accidental character of the local ties and that they convey more generic information. On the other hand the global ties might be established much more deliberately to source very specific knowledge to accomplish a certain task.

*My knowledge of geography is shallow, but I found it interesting that you mentioned that you see the network as metaphorical. Also when I try to figure out what space means, I get the feeling that space has become more and more metaphorical, also used among geographers, for example if one compares old texts in comparison with more recent ones. Is that something you would agree with?*

There is an interesting or at least a remarkable *Ungleichzeitigkeit*. On the one hand, parts of the social sciences seem to discover space, I'm just thinking about the work of Woody Powell and the evolution of the biotech-field in Silicon Valley or the proliferation of articles on clusters in non-geographic journals, for example. But usually these contributions employ a topographic perception of Euclidean space. Geography, on the other hand, is now trying to move from this sort of topographic conception to what many people call topological or relational, which means two points in topographic space are located at distance, but the very same points might be very close through dense social networks, a shared professional culture, a political affiliation etc.

The software engineer working in India and the one in Silicon Valley are thousands of kilometres apart in topographical space but in a topological understanding of space they are so close (*Gernot snaps his fingers*), they share the same language, they share the same protocols and codes, they share the same perception of reciprocity, etc. And I think it's a big challenge to swallow such a relational understanding for the non-geographers who might associate geography with locating phenomena on a traditional map or attaching the proper spatial scale to all the social phenomena, this is regional, that is national, and that is global.

*Yes, that's a very interesting way to put it. I totally agree that sociologists, for instance, are including space, but they take it very old-fashioned, in a very everyday-notion of space, positions, physical space, that are easy to measure and so on. And it is strange that we have rediscovered it whereas you go in other directions and become more sociological and we to some extent become more old-fashioned geographical. And, of course, the interesting point is where to meet in between, where we sociologists, for instance, can bring our knowledge in and you geographers can bring your knowledge in. You are probably the geographer who has been working closest with sociologists, but do you see others, do you see a tendency that geographers start to work more with sociologists or other social scientists?*

O yeah, I think there are a few more recent developments. I think of Karin Knorr-Cetina and her work on epistemic cultures and global microstructures, and this is really very recent, seems in the process of being taken up in economic geography. This is fascinating and challenging alike, challenging because it questions the privilege on relations in coordinating complex global systems, like financial markets or terrorist organizations.

Also more recently, Michel Callon's notion of the economy of qualities has been taken up in economic geography. It is extremely powerful for problematizing and re-conceptualizing markets. Markets are not at the terminus of the value chain but, in a sense, pervade the entire system; and products are not the fixed and frozen things but, in Callon's view, variables. In fact, the entire *Actor-Network Theory* (ANT) tradition had a significant impact on economic geography. ANT, for example, has been employed to problematize functionalistic notions of global commodity chains and to appreciate the instability, ruptures, power struggles within global production networks.

But of course network research is still the key trading zone between economic sociology and economic geography. I already mentioned Woody Powell, but also Brian Uzzi's work has been picked up in economic geography. More recently, I found the work by David Obstfeld and his attempt to push beyond deterministic structuralism by appreciating behavioural attitudes – like his distinction between *tertius iungens* and *tertius gaudens* – very inspiring. Very optimistically speaking, this sort of approach could bring economic geographic concerns with change and evolution closer to the social network concerns for structure. But then, I'm not too optimistic, I'm Austrian.

*You just mentioned that sociologists take the notion of space from economic geography – if I understood you correctly – and that we are not good enough on space, or would that be the wrong interpretation?*

It's almost a mirror picture, geographers might accuse sociologists of a loose notion of space, and we might be criticized for our generic use of the notion of networks. We are very loose with networks, I think the key problem here is that concepts travel farther across disciplinary boundaries when frozen in their infant rough-and-ready state. The notion of industrial districts, for example, has been discovered by economic sociology and heterodox economics as a model so to speak when it in economic geography already has been regarded as a reification of a very particular phase of development of a few Italian regions.

*What more can sociologists learn from geographers?*

Economic geography makes a stronger case for the political economic content within network analysis. It is not just this sort of bare-bones of transactional structures and also, locating networks more seriously in macro-institutional contexts. I think the reading of the study by AnnaLee Saxenian's, *Regional Advantage*, in economic sociology is very symptomatic. I think in economic sociology this study is mostly read as an account of two different network configurations – *Silicon Valley* vs. Boston. And yet it is a much richer sort of analysis of regional production cultures. It is not just about transactional structures. In a sense our different readings also indicate our understandings of embeddedness: in economic sociology, embeddedness in the Granovetterian sense seems primarily to refer to personal relations. In economic geography, embeddedness seems to have a stronger affinity to Polanyi's original conception of

embeddedness as an analytical strategy to understand institutions as a complex mix of different social logics.

And I think this is also something geography could bring to the table. We touched already upon this idea that markets, economies, and space are co-produced. Space quite often is seen as a naturalistic pre-given entity. Let me give you an example: if you think about a global commodity chain that is located across the hierarchy of different places or countries. And yet as soon as this global commodity chain is enacted, it starts to reorganize the hierarchy of places, it reconfigures proximities, distances, exclusion. It is a sort of recursive interrelation between the economy – being first layered on a spatial hierarchy, but then re-works space in a second layering, and so forth. There is a wonderful paper on the co-evolution of economy, society and space, it's a classic piece, by Doreen Massey: *Industrial restructuring as class restructuring: Production decentralization and local uniqueness*. (In: *Regional Studies*, Volume 17, Issue 2, 1983, 73 – 89).

*Is this the text that you would recommend for sociologists who want to get into economic geography, if you had to pick only one text?*

That is always a very tough one...but I'd recommend one of the finest collections of the last years: Trevor Barnes, Jamie Peck, Eric Sheppard and Adam Tickell (eds.): *Reading Economic Geography* (Blackwell 2003).

*I would like to turn a bit to your own work. We talked about networks as a central concept. To take a snapshot, what are you working on right now?*

One work is on the role of the user in innovation-processes. User-involvement, of course, is not a new phenomenon as such. So far, however, this involvement was largely confined to investment-good markets, like machine building for example, and to a particular type of user, that is the user with intricate knowledge about the product who is able to articulate his needs. This is von Hippel's lead-user. In our project we seek to capture more recent forms of user-involvement in everyday-consumer good markets to newer forms of user-self-organization and open-source initiatives. On the one hand, we are interested in how lay-persons and experts are collectively producing new knowledge. How is lay-knowledge actually translated into the parameters and protocols of an industrial R&D-project? On the other hand, we are interested in the sociology of these user-communities that are involved in inno-

vation processes. What are the chief governance principles of these communities? How can they achieve minimum coherence in the wake of high membership-turnover? I think the specific angle of our project is not to present these new forms of user-involvement as a new master paradigm for innovation. We rather focus on the tensions and frictions between users and producers. And there are a lot of tensions since these types of user involvement challenge the expert status of professional developers. Moreover, some of these user communities are unruly social formations that also develop a life of their own. They get bored, they get angry, they might even turn against the producer. User-involvement is rife with conflicts, in any case more problematic than the *wisdom of crowds*-argument suggests.

*Could you say some words on the methods? How you have methodologically approached this?*

We started out with a best-practice inquiry through the business press and we identified eight or nine firms that are regarded as leaders in user involvement, like *Proctor&Gamble*, for example. And then we conducted a series of exploratory interviews about how and in which phases of the product development users are involved. On the basis of this first exploratory interviews, we developed a very simple typology in which we made a distinction between the depth of knowledge that is involved in this exchange between producer and user, on the one hand, and on the other hand, how user involvement is organized socially. And as to the latter we distinguish between epistemic and practicing communities. Epistemic communities are really organized like engineering projects, there is a clear aim, there is procedural authority. So, for example, for the next generation of a tomography scanner, Philips hand-picks some leading physicians who then actually become members of the development team. In practicing communities knowledge is rather produced as a by-product of ongoing exchange and lateral communication. The Kraft-food consumer community, for example, is a very large community, it's very noisy, there are a lot debates going on, and only some of these debates are relevant for improving products or the like. Based on our crude 2-by-2 typology we conducted some 40 interviews in US-firms.

And after these interviews we were reworking this typology into a somewhat more complex table that seeks to capture the whole breadth of user-involvement models. In a final step, we are now analyzing communication threads

of nine selected online communities to better understand the social dynamics of these communities.

That is one project. A second one is on social networking software. The starting point is here that economic geography privileges strong ties, it's this sort of "industrial district-tie", which has grown over decades, embedded in trust. This project started from the premise that social software supports a type of network that is both intense and yet ephemeral. I refer to this ephemeral networking as network sociality. And as an example of sociality we choose *LinkedIn*, a sort of a *Facebook* for professionals, the German equivalent is called *Xing*. We interviewed around 30 software-engineers in *Silicon Valley* and we were interested in two things. First, what is the relation between the physical space, *Silicon Valley*, and the virtual networks. Do you need to meet people first face-to-face in order to include them in your *LinkedIn* profile? And second, although this interrelation between actual face-to-face-contacts and the *LinkedIn* profiles played a role, a much more interesting relation between the physical space and the virtual network was the fact that our interviewees perceived *Silicon Valley* as a sort of imagined community.

*This place creates expectations. Is this what you meant when you referred to Saxenian's work, so that you can talk of a kind of culture that is related to space?*

Yes. *Silicon Valley* was less important as a dense place with high interaction frequency, rather it seemed to provide a certain morale. I mean there are very particular norms of reciprocity prescribing to whom you forward referrals, but also how quickly you need to respond to an inquiry. *Silicon Valley* provides some governance principles for this type of network. People identify with this place, and the place provides a modus operandi for your *LinkedIn* network.

We were also interested in the learning of these software-engineers in their use of social networking software. And it started mostly as a homophily process, so that you link up with people who are like yourself and suddenly there is a tipping-point when they realize: Oh, well, I need a complementary contact here, I need a marketing manager there, I need somebody in India. And they very deliberately started to build the network and although there were no respective triggers in our questionnaire, they came out with the Dunbar number, they came up with homophily, they came up with small worlds, they knew Duncan Watts's work, Granovetter of course, and Burt's structural holes. You know, they are so network literate and it

seemed to me that the social network is not just an analytic tool to describe social reality. These people build their social world in network categories, in a very deliberate and reflexive fashion. They engineer their own networks with all this literature.

*That is a very interesting development, today one also talks of networking, that is, something you actually do, a deliberate process.*

Yes, it is a very reflective process. Not just occasionally collecting business cards, you are very aware of what your portfolio is like, you build a stock of social capital and you know, "I've to invest here and perhaps there".

That was the second project, and the third one is a small one, and it is an off-shot from previous research on temporary organizations. Because again geography is more concerned with long-term phenomena. But when studying creative industries and cultural industries, you discover: it is not necessarily the permanent firm which is the prime locus of operation. Rather, it's short term and temporary projects which are the central organizational unit. This current project is dealing with the Achilles heel of projects.

Projects combine diverse skills very effectively, but they also tend to forget quickly.

As soon as the project task is completed, the project team is dissolved, the knowledge that is acquired in the project is getting dissolved.

This problem is even more acute if projects are performed in very long – and not regular – intervals. For example, cities hosting a world championship or communities that have to deal with natural disasters. So this is a project on learning from rare events, how can you learn from events that happen perhaps every 50 years, perhaps every 10 years? How can you sediment the knowledge and make it sort of usable for subsequent projects? That is the third one with two colleagues, with Eugenia Cacciatori and Andrea Prencipe. Our empirical case was the pope funeral in Rome. Seven million visitors were flooding Rome, how did the city cope with that? What sort of procedures, protocols, are in place to deal with that? We thought there are three distinct elements that support learning from such rare events. First, there are some personal networks which are always re-enacted, be it a major natural disaster or football world championships, you always have key figures who know how to deal with large numbers. Second, what

also seems to be important are artefacts, the layout of the command center in our case – there is so much inscribed in the physical lay-out of the command center. What sort of information is on display; how are the different participants representing different functions and competences placed in the room, who is talking to whom? And third, there are particular protocols and routines which are always followed in emergencies in the widest sense, either if it's a fire, a funeral or a major sports event. These are the projects I am currently involved in.

*I would like to touch upon another thing. It seems that economic geographers have a somewhat strange relationship with economists. In the Journal of Economic Geography, for example, geographers co-work with economists, but there are still different editors, one for economics papers, and one for geography papers, for instance. Economics and sociology have really been in long-time struggle with each other, but I want to know how do you see this relation today and how has it developed over the years?*

The big change, of course, came with the model that was called the *New Economic Geography* with Krugman and new growth theory with Romer. At the beginning that sounded like a really tempting invitation: eventually economists seemed to acknowledge that there are increasing returns, path-dependencies, imperfect markets, transport costs. So all these assumptions which are in the standard repertoire of economic geography had eventually been taken up by economists. But of course it was still very firmly tied to some sort of neoclassical assumptions. In Krugman's reasoning, for example, there are no real places, there is no historical time and of course it's not very sensitive to social or institutional contexts. One response of economic geography was: "Well, this is not really new economic geography. This is geographical economics." In other words, all these assumptions are not new for economic geographers. And at first many of us, including myself, were thinking this development might be more important in economics than it is important for economic geography. More recently, however, the perception has changed. For one, there seems to be a backlash from the so-called *cultural turn* in economic geography of the 1990ies. This cultural turn in fact brought us rather close to economic sociology, at least in the sense of a profound antipathy towards methodological individualism and rational choice. However, some strands of economic geography have been criticized for becoming too idiosyncratic, localist, and culturalist. So there are in a sense some counter-tendencies which try to bring economic geography

closer to economics. As but one indication of this, the *Journal for Economic Geography* has been founded a few years ago, which is devoted to the dialogue between economic geography, geographical economics, and economics proper. However, the editors just recently concluded that there is still a big rift between economic geography and geographical economics. There are one or two special issues which try to engage in a dialogue, but it seems more that geographical economics tries to be seen and respected by economists rather than taking some of the more qualitative economic geographic work seriously.

*Is that an issue of breeding, that people choose one school and then stick to it, or is it also that people actually go between the two fields, economic geography and geographical economics?*

I think in terms of socialization there is less mutation. Once you are socialized in a particular school you might verge, towards a more quantitative approach of what you are doing, but as far as I can see there are few cases where you could see an outright switching of people or schools. I think the most prominent exception that proves the rule is Michael Storper who during the last years moved rather far towards geographical economics. His great talks usually start off with a rather fervent critique of the more qualitative approaches in economic geography.

*So the distance between these different schools – is it bigger between economic geography and geographical economics than it is between economic geography and economic sociology, for instance?*

Yes, I think by and large this is a fair statement. Since economic geography and economic sociology share key assumptions there is more common ground than between economic geography and geographical economics. And not surprisingly, economic geography as a traditional *import discipline* so far has borrowed more from economic sociology than from geographical economics. Moreover, I think economics is regarded more suspiciously as a hegemonic science that in principle is more difficult, or even more risky to collaborate with. Let me phrase it this way: I think they wouldn't just want to play with us, they simply want some of our toys, that is some of our more exciting spatial issues. Having said that, I should add that economic geography is not a unified field but rather subdivided in a range of branches. Currently, evolutionary economic geography is gaining momentum in economic geography and

thus might re-establish some links with heterodox economics.

*One thing that I really enjoyed when I have looked at the geography literature is that geographers deal with time. That's another thing which sociologists are very poor at. I mean time is a very complex notion, but there are clear examples of how you can bring in time, and I am thinking of, for example, Torsten Hägerstrand's work. Do you have an idea if time is still a concept that is central in geography?*

With respect to economic geography more broadly, I think people would regard their work not only as concerned with spatial contextualization but also with historical contextualization. Of course, this does not necessarily imply that time is explicitly conceptualized. So, I'm not sure if time, in an explicitly reflected fashion, is central to geography in general. But it is definitely central in certain strands of geography. The Hägerstrand tradition of time-geography, you mention, is still very much alive. In fact, time-geography seems to thrive again, not least due to methodological possibilities opened up by modern GIS (Geographic Information Systems). This approach seems particularly useful for understanding and modelling everyday mobility patterns, and it also plays a certain role in urban planning.

*So, what does the future look like – what is the relation, and what will be the relation between economic sociology and economic geography in the future?*

Well, I think there are promising preconditions for a fruitful and perhaps more intense exchange between both fields. There is this shared skepticism about the worldview of orthodox economics. But of course there's more communality than this the-enemies-of-my-enemies-are-my-friends principle. We also share the concern for problematizing context in the sense that we understand the economy as historically and geographically specific formations, as an institutional phenomenon. And then we share a whole range of ideas, concepts and methodological tools. Well, basically we borrowed them from you. The embeddedness-network paradigm is chief amongst them but there are other ideas as well, I mentioned Callon and Knorr Cetina, for example. And finally, there seems an increased spatial sensitivity in economic sociology. All these communalities and complementarities would seem to encourage the exchange between both fields. And there are some promising indications. Leading economic sociologists like David



Stark or Woody Powell publish in economic geography journals, and vice versa, people like Nigel Thrift or Ash Amin publish in sociology journals. In the UK and also in Scandinavia some human geography departments are now closely associated with sociology departments in one form or the other. This of course does not necessarily imply indefinite collaboration. But it makes mutual ignorance much more difficult. And, well, that's something.

*After this highly interesting discussion in Bonn, Gernot drives me back to the main railway station, from where I take the train back to Cologne. The ride is definitely worth a note in itself, as Gernot gives me a lift in his beautiful stretched Citroen CX.*

## Endnotes

<sup>1</sup>For more information see Gernot Grabher's web site:

[http://www.giub.uni-bonn.de/grabher/people/t\\_peo\\_grabher.html](http://www.giub.uni-bonn.de/grabher/people/t_peo_grabher.html)

<sup>2</sup>See for example Grabher (2006).

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# A Comment on Economics and Sociology

**By Laurence Moss**

*In the following note, Laurence Moss comments on Economic Sociology from his perspective as the editor of American Journal of Economics and Sociology. The text is also of interest to anyone who is interested in submitting a paper to any journal, as it informs on the reasoning of an editor.*

In the interests of full disclosure, I admit to being the editor-in-chief of the American Journal of Economics and Sociology (AJES), a quarterly in continuous production and circulation since 1941. I am delighted that I have been invited to discuss the role of AJES's in relation to economic sociology. I shall now proceed to shamelessly list some of the contributions it has made to the study of economics and sociology.

In 1998, the American Journal of Economics and Sociology issued a "call for papers" on the twin subjects of economics and sociology. It was clear that our journal was interested in encouraging interdisciplinary approaches by providing a simple platform for nurturing these discussions. This was not so much a change in editorial direction for the journal as it was a declaration of renewed editorial interest. The invited issue was published in volume 58 (issue 4) in October of 1999 under the title "Economics and Sociology: The New Joint Venture." It was a fat meaty issue.<sup>1</sup>

In that issue, Professor Richard Swedberg prepared an important historical paper on Max Weber's credentials as both an economist and sociologist. As an economist (mostly self-taught), Weber explored the methodological foundations of economic theory. His keen understanding of the differences between the economy-in-general and a national economy also gave shape to his ideas about sociology, social action and economic sociology (Swedberg 1999).

The economic sociology focus of the AJES is more evident in certain numbers than others but it is usually there both in form and substance. The sociology of the family is a natural topic for investigation. A shift in the ownership and management of major assets from say the young to the

old, will have an impact on inheritance and social mobility (Darity, et al. 2001). Intergenerational redistributions might also show up as something associated with the care and support of dependent seniors (perhaps) at the cost of the care and support of the young minors. The general subject of customs and their formation in market systems has been a frequent topic of research in the AJES (Bibow et al. 2005).

A brief remark about form and its influence on substance: The AJES welcomes articles in "standard" journal article form. That is papers that identify phenomena connected with markets and exchange and then try to "explain" them. "Explaining" is often little more than showing how consistent they are with certain statistical correlations as summarized in the output of certain econometric and regression routines. The data for these statistical papers comes from a variety of sources. There are the standard economic data series such as the unemployment rates, housing starts, and so on. To these are sometimes juxtaposed the results of long-term longitudinal survey findings about families and individuals, often branded as "sociological data." The combination of these data sets takes us to the starting gate of something called "economic sociology." Still, it is only a starting gate since to explain social phenomena often requires a reference to some mechanism(s) that produced the phenomena – mere statistical correlation is not enough.

Our editorial policies include asking authors to consider the public policy relevance of their research. Here the ground is covered with pot holes and traps since political ranting (especially in election years) would take us away from our main mission that of remaining a scholarly journal.

Suppose I were to measure the cost of a certain public policy. Should I aggregate the money costs to all taxpayers in a jurisdiction? Alternatively, should I ask what public policies need to be abandoned to make room for the public policy under study so that taxes do not have to be raised? In this last inquiry, we are asking "how much does it cost" in the sense of "what opportunities must we give up or sacrifice"? This stands clear of political grandstanding and special-interest lobbying but has its roots on essential economic reasoning.

From time to time, the AJES publishes articles that utilize or in other ways endorse the “constrained utility maximization” style approach. This is sometimes named “Chicago economics” by its critics. Here economic men and women are modeled as having well defined preferences over an array of alternatives but they are constrained in their choices by a limited amount of resources of one sort or another. For decades, it remained part of the game plan among economists to see how market phenomena might be completely explained by referring only to such a simple definition of economic man. There are places in the development of economics where major practitioners suggested that the choosing agent might be replaced by a function and its constraints and if “statistical fit” is what matters most, then this scary ghost of a human can be all that really matters. But these eccentricities have remained exceptions to the story economists tell.

It has always been the case, although more so among certain schools of economics than others, that homo economicus has been modeled with a deeper concern and understanding of background norms, customs and institutionalized patterns of behavior and decision-making. Thanks to the untiring efforts of contemporary sociologists, a more textured approach to human action has produced stimulating discussions and insights.

A natural arena of overlap between the two disciplines has been and is most likely to continue to be the field known as “economic development.” In a recent issue of the journal, Professor Ming-Chang Tsai asked whether political democracy in developing countries is connected in some empirical way with human development measurements (Tsai 2006). Others have explored the links between religious culture and trading networks (Lewer and Van den Berg, 2007).

For more historical approaches, the interested readers might consider the special Talcott Parsons issue exploring his ideas as well as his credentials as an economic sociologist (Moss 2006). The AJES has also contributed to the proper understanding of Joseph Schumpeter’s thought by offering an English translation of several formally untranslated sections of his classic *Theory of Economic Development* (Becker, 2002). Tsai, Parsons and Schumpeter each in an important way extended the study of human action beyond mere rational calculation in terms of dollars and cents.

The AJES has shouldered quite a few additional subject areas that some might attract interest among economic sociologists. Since the AJES is now archived (with a 5-years moving wall) on JSTOR, I shall invite others to make their own tour of the troops and perhaps themselves consider a contribution. As I have indicated, I was delighted over the years to have received submissions from various members of this list. I end with a shameless request that the readers of this European Electronic Newsletter not be shy about submitting scholarly papers for consideration to the AJES.

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<sup>1</sup>Editorial note: This can be accessible by way of the JSTOR archival system.

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## Book reviews

**Book:** Nee, Victor and Richard Swedberg (eds), 2007: *On Capitalism*. Stanford University Press.

**Reviewer:** Sokratis Koniordos, Department of Sociology, University of Crete. [skoni@social.uoc.gr](mailto:skoni@social.uoc.gr)

Nee and Swedberg have compiled yet another thematically coherent collection of papers that explore capital, one of modernity's "pillars," aptly titled *On Capitalism*. The book explicitly attempts to address developments that relate to contemporary capitalism at the macro-level, following an earlier compilation with similar concerns by the same editors (*The Economic Sociology of Capitalism*, Princeton University Press, 2005).

The book originates in a 2004 meeting at Cornell University's *Centre for Economy and Society* to celebrate the centenary of Weber's most famous essay *The Protestant Ethic and the Spirit of Capitalism*. Thus, the volume includes 12 papers that address general concerns of the Protestant Ethic thesis per se, but also focus on specific issues which Weber touched on, or which stem from his work and move beyond it. In addition to bringing together the contributions included in the volume *On Capitalism*, the editors have supplied an introduction which maps the collection, and a useful index.

The volume is divided in four parts, each containing three papers. In Part I, *The Dynamics of Capitalism*, the first paper is Russell Hardin's *The Systemic Anticulture of Capitalism*. Hardin focuses on capitalism's global expansion in relation to the systemic feature of the profit motive, and holds that it does not necessitate retention of the cultural residues of the societies in which it initially developed. Instead, capitalism is open and in principle not embedded. Hence, once capitalism is introduced, established and naturalised in a particular socio-economic formation, it may unleash its developmental potential. But these processes entail nothing less than the indigenization of capitalism; this is a very complex story of embeddedness.

Richard Swedberg's paper *Tocqueville and the Spirit of American Capitalism* notes the limited acceptance by contemporary social scientists of the notion of a spirit of capitalism. But Swedberg argues, following Tocqueville, that the origins of such a spirit (defined as the "mental propen-

sity of economic actors for dynamic market behavior," p. 45) are found in the practice of democracy, in democratic institutions, in the natural resources of the US, and in its legal system. Yet all these, important as they are, pale in comparison to the importance Tocqueville attributes to the mores of American society – "dispositions" which, as Swedberg notes, are linked to Protestantism.

The third paper in this section, *Income Inequality and the Protestant Ethic*, is by economist Robert H. Frank. This piece offers a collapse theory of capitalism: the American middle classes, wealthy by world standards, are nevertheless facing a crisis since they cannot secure an income that will allow them to remain what they used to be. The situation of the middle classes deteriorates as the *haute bourgeoisie* captures more and more of the capital – not just financial, but social and cultural – generated by American society. To reverse the trend, Frank suggests re-infusing the US with the Protestant Ethic of hard work, frugality, and concern for community welfare. But one cannot but wonder if capitalism is indeed a system in crisis, or whether there is just a crisis of a particular policy – namely neo-liberalism – that has been applied in the US over the last 25 years.

*On Politicized Capitalism* by Victor Nee and Sonja Opper, is the first paper of Part II of the volume, titled *Politics, Legal-rational Institutions, and Corruption*. The paper follows on Nee's paper *Organizational Dynamics of Institutional Change: Politicized Capitalism in China* (in Nee and Swedberg 2005: 53-74). As the title suggests, the emphasis is on politicized capitalism – a form of capitalism that emerged in China after the Deng reforms in the late 1970s – and the transition to a market economy. In political capitalism, the "state actors set the regulatory framework and remain directly involved in guiding transactions at the firm level" (p. 93); in effect, it is a form of state-sponsored capitalism. Yet one cannot help but wonder: is China just another "transition economy" on the way toward full-blown free market capitalism? And shouldn't the designation "political capitalism" acknowledge that the "free" market was always state-controlled, as Polanyi has shown of 19th century Britain? Nee and Opper's paper, interesting as it is, de facto raises more issues than it answers, such as: What is the essence of capitalism? Is the market just a byword for capitalism? And should one take seri-

ously the Chinese Communist argument that they are building their own variant of socialism, or reject such talk as mere propaganda?

Next is the paper *Law, Economy, and Globalization: Max Weber and How International Financial Institutions Understand Law* by Bruce G. Carruthers and Terence C. Halliday. Starting from the premise that markets are closely identified with capitalism, the authors examine how bankruptcy law is used by international financial institutions (IMI) to secure a measure of predictability and calculability where market uncertainty predominates. The IMIs treat the law as an instrument to secure the reign of the free market, which only highlights the importance of Weber's understanding of law in capitalism.

Mark Granovetter's contribution, *The Social Construction of Corruption* is probably the most novel paper of the volume. Granovetter departs from the volume's rather tight anchorage in Weber by bringing out the systemic character of a non-rational/legal arrangement: namely, corruption. Corruption is analysed as indispensable to modern capitalism – in fact, as engendered by it. It is also analysed as a social construction that can only be grasped in relation to the concrete, social, cultural and historical features of each particular case under scrutiny, notwithstanding the importance that the network dimension and the sharing of meaning also have. These elements combine to define corruption in relation to the unmapped grey area in which it unfolds.

Part III of the volume is allocated to *Religion*, with Barnaby Marsh's paper *The Role of Spiritual Capital in Economic Behavior* taking the lead. Spiritual capital, the latest variant of an apparently never-ending proliferation of forms of capital, is seen to consist of inspiration, motivation and belief. It is the focus of the paper and there is an attempt to raise it to the level of other forms of so-called capital. The particular form is considered to have an impact on economic behaviour. Still, I am sceptical about the analytical meaningfulness and robustness of the notion, and whether – as a form of capital, equivalent to economic capital proper – it may be invested, saved, augmented, or replenished.

The themes of capitalism and religion are next taken up by Robert J. Barro and Rachel M. McCleary's chapter on the *Political Economy and Religion in the Spirit of Max Weber*. They point out that an increase in GDP (at the country level) seems to have an adverse effect on religiosity that

subsides, as measured with the help of several different indices. The authors cautiously tend to attribute the observe pattern to the existence of a line of causation, so that it can be said that economic development in the contemporary world tends to reduce religiosity.

Michael Novak's *Beyond Weber* paper follows. The author argues that the link between Protestantism and capitalism in the Protestant Ethic, has been overstated, neglecting the important role of Catholicism's cultural values and imperatives. However, this is not a new point – one need only look at the thesis of Amitore Fanfani (1961). Other religious groups also have played a role equivalent to the one Weber attributed to the followers of Calvin and Zwingli: thus, the cases of Jews in the West, Ismaelites in East Africa and Parses in India and Pakistan are well established, while more recently there has been some discovery of a dormant Eastern Orthodox spirit of capitalism. Nevertheless, the emphasis on the moral qualities in moving economic agents, whose inculcation in late pre-modern and incipient modern contexts could have only taken place through the authority of religion, should, as Novak's contribution highlights, be retained.

The final section of the volume is concerned with *Methodological and Conceptual Issues*. It opens with Duncan J. Watts' paper on the *The Collective Dynamic of Belief*, which raises a methodological issue: how straightforward is it to explain collective behavior on the basis of individuals, even if the individuals may be considered "representative." Watts points to serious problems in inferring causality at the collective level by drawing from individuals' religious beliefs, consumption patterns or social capital; causality, he argues, can only be inferred probabilistically. As an alternative, Watts (with some reservations) proposes formal modeling of social processes as a way of improving our understanding of them.

Ronald Jepperson and John W. Meyer, in *Analytical Individualism and the Explanation of Macrosocial Change*, are in basic agreement with Watts on the limitations inherent in generalizations from "rational actor" models. Instead of centering exclusively on the individual level (analytical individualism), the authors propose to focus at various levels of analysis: socio-organizational level, institutional, and individual.

The book's final essay is Charles F. Sabel's *Bootstrapping Development: Rethinking the Role of Public Intervention in Promoting Growth*. Sabel argues against the dominant

view that institutional endowment is necessary for social development, and that thereafter development will unfold largely automatically. Drawing from both development's successes and failures, especially over the last 25 years, he suggests that a process perspective is more pertinent. Institutions and their operation are in need of continuous adjustments and calibration if they are to promote development. And this must be combined with a social environment that engages institutions while political interventions do away with obstacles to growth and (capitalist?) development.

*On Capitalism* is a fine collection that attempts to move Weber's sociology forward. A few questions remain unanswered – such as whether Marxist analyses of capitalism are useful anymore, and whether our object of study should be capitalism or with capitalisms. But *On Capitalism* is surely worth getting hold of and studying; I strongly recommend it to colleagues.

**Book:** Aldridge, Alan, 2005: *The Market*. Polity Press.

**Reviewer:** Daniel Maman, Department of Sociology and Anthropology, Ben-Gurion University of the Negev. [dmaman@bgu.ac.il](mailto:dmaman@bgu.ac.il)

*The Market* is part of a series of "key concepts" books by Polity Press, and addresses the growing interest in markets among social scientists, and in particular, among sociologists. Alan Aldridge's book is an important contribution which succeeds in accomplishing the goal of the series: to "get to the heart of debates about meaning and usages."

The book raises a question central to social thought: how is the social order possible? For followers of Adam Smith, the answer is crystal clear: the invisible hand. Namely, the market: co-ordination without co-ordinator, co-ordination by mutual adjustment. In contrast, Aldridge argues that "markets are a necessary but not sufficient condition of attaining the good society" (p.157), and that "law, contract and economic rationality" which are "features of the market are necessary but not sufficient for social order and prosperity, and must be supplemented by non-market forces of reciprocity, moral obligation, duty and trust" (p.94).

The book is divided into two parts: the first two chapters present the arguments of market supporters, while the

other two deal with criticisms raised by market skeptics. Chapter 1 discusses two aspects of the rise of markets: the growth and expansion of the sphere of market transactions, and the development of the idea of the market, via the work of leading scholars, such as Smith, Schumpeter, Polanyi, Hayek, and Marx and Engels. Chapter 2 presents the main arguments of advocates of the "invisible hand" perspective: that the "market creates a free, prosperous and dynamic society in which sovereign consumers enjoy the benefits of vast array of goods and services to satisfy their demands" (p.2). In addition, the chapter discusses how those who believe in self-regulating markets describe and explain the successes and failures of those markets. Specifically, the chapter analyzes three ideologies: market populism (the market is democracy in action, characterized by choice, consumer sovereignty and freedom); the theory of the efficient market (emphasizing the rapid flow of information to rational investors, the easy availability of transactions, and the quick response of prices); and market fundamentalism (the market is the "good society" in action, and having triumphed over its enemies, *the end of history* is at hand). According to Aldridge, these ideologies are characterized by "their resistance to any contrary evidence and their tendency to discount the possibility of market failure" (p.3).

Chapter 3, titled *The Social Reality of Markets*, "aims to restore the human to human agency, the social to social order and the cultural to culture life" (p.81). The chapter examines sociological works on markets, and asserts that the processes "by which markets produce and reproduce social order," are not – as suggested by free market proponents – automatic, but rather that "an enormous amount of cultural work is devoted to sustaining faith in the market and trust in people" (p.3). Specifically, the chapter reviews a variety of social issues in markets – the production of order, trust, embeddedness, rationality, freedom, and the "problem of culture" – as reflected in the work of scholars such as Parsons, Garfinkel, Giddens, Simmel, Weber, Granovetter, Zelizer, Polanyi, Mauss, and Bourdieu. Finally, in order to criticize free marketeers' arguments about rationality, Aldridge grounds his assertions in the literatures of social and evolutionary psychology.

In the twenty-first century, many markets become global and the last chapter – "Colonization, Compromise and Resistance" – questions whether this development is desirable and inevitable. Some theories of globalization view markets as elemental forces and thus irresistible, or able to keep resistance marginal at best. Aldridge here draws on

Ulrich Beck's critique of economic globalism as eliminating the need and the possibility of political action, as well as Ritzer's work on McDonaldization. The chapter concludes with discussion of alternatives to these fatalistic views of the market's "inevitable" globalization, including market socialism, the so-called Third Way, or some other form of "mixed" economy.

Occasionally it seems the author tries to address too many issues, some of them not directly related to the subject. Furthermore, while the audience for the book is defined as "students and researchers interested in the sociology of economic life, economic sociology and political economy," the author overlooks recent and important contributions in economic sociology, including: the work of Harrison White (2001) that attempts to create a new sociological theory of the market, the W(y) model; the growing numbers of works that use networks to analyze markets (Swedberg 2003; Smith-Doerr and Powell, 2005); and finally, works that relate to the role of the state in market-building and functioning (Fligstein, 2001).

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**Book:** Beckert, Jens, 2008: *Inherited Wealth*. Princeton University Press.

**Reviewer:** Ann Mumford, School of Law, Queen Mary University of London. [a.c.mumford@qmul.ac.uk](mailto:a.c.mumford@qmul.ac.uk)

"Everyone who dies leaves something behind," Jens Beckert reminds us in the English edition of his important book, *Inherited Wealth* (p.1). The question is what, and it is a question which can prove divisive. Some might hope to leave wealth to their children, thus that their children

will have an *easier* life. Others might hope to leave specific property, such as a family home or business, because of attachment to these possessions, and also perhaps as a way of providing a posthumous reminder of themselves to their descendants. Others, however, might hope to bequeath a just society, and they may view taxation as a way of achieving this – indeed, they may view taxation not as an unfair interference or imposition, but as a fundamental determinant of who is entitled to what. And, indeed, many may fall into several of the preceding categories, in that they enjoy working to secure the future of their children, but also do not mind complying with a tax that they view as fundamentally fair. It is clear that "the inheritance of property touches upon central values of bourgeois society" (p.13).

The case for inheritance taxation is not often loudly spoken (perhaps because few politicians would relish an association between their platform and not only taxes, but also death). This is one of the reasons why *Inherited Wealth* is such an important contribution to the literature. This book contributes to a global, public discourse which frequently is distinguished by misinformation as to both the reach and objectives of such a tax. Most importantly, the aim of this book is to draw the attention of sociologists, economists, lawyers and political scientists, amongst others, to an area of study which for too long has been ignored.

The book addresses four overarching themes – broadly, the right to bequeath; inheritance rights of the family; the abolition of entails; and social justice through redistribution. Each of these themes is addressed systematically with comparative analyses of France, Germany and the United States. This approach reveals much about each of the three countries. For example, the tension in the US between the right to own private property and economic inequality has been explored in a number of different ways over the past 110 years or so. George W. Bush used an *anti-death tax* platform effectively during the 2000 presidential campaign. In the years around the turn of the last century, Theodore Roosevelt led a different kind of Republican political activism: the Progressive movement emerged from the *professional middle class*, and although supported by both parties, was pioneered by Roosevelt (p.175 et seq.). Beckert explains that the movement was complex, and was suspicious of both large corporations and the union movement. Any out-sized concentration of economic power attracted the attention of the Progressives, who subscribed to "...the guiding ideas of a restoration of equality of opportunity, constraints on the ideology of

laissez-faire, and the possibility of creating a more just society with the help of science and technology" (p. 175).

The most striking reminder in this masterful text are the similarities in the progression of inheritance taxation over the twentieth century in the US, Germany and France. Beckert explains that "[t]he reasons for this nearly parallel modernization of the inheritance tax systems can be found in the almost contemporaneous expansion of the tasks of the centralized state and the appearance of social reform movements pushing for *just* taxation" (p. 270). In the US, George McGovern's failed presidential bid in 1972 signaled that any political platform which embraced redistribution of wealth through taxation was unlikely to succeed. McGovern explained public support for a tax that most voters would never pay themselves as the "lottery effect," in that people wish to preserve the dream of leaving or enjoying inherited wealth, even if that dream is implausible (p. 196).

The dream may act as an incentive (even a relation) of production, but not without consequences. So, for example, Beckert explains that "[f]or Durkheim, the institution of inheritance established social stratification, which allowed the conclusion of unfair contracts and thus endangered the cohesion of society" (p. 252). In this, Durkheim drew from Marx, who, intriguingly, lectured on inheritance taxation in 1869 at the Fourth Congress of the Communist International in Basel. Marx argued that inheritance taxation engaged with a problematic byproduct of the problems caused by private ownership, without addressing the real problem directly. Additionally, it was a distraction from the problems of the working class, for whom inherited wealth was not an issue (p. 217).

This text considers these symptoms, or distractions, which have not been easily addressed by any of the countries studied. For example, although entails were abolished in France in the late eighteenth century, controversies about them lasted until the early twentieth century (p. 120). Similarly, the public debate in Germany over inheritance taxation lurches between allegations that such an impost interferes improperly with, and may even damage, the institution of the family, and assertions that "social justice" demands that every person contribute funds to the functioning of the state (p. 209 et seq.).

The text concludes with the observation that, from this massive study, "...it seems more plausible to speak of *multiple modernities*, which emphasizes the inertia of independent traditions and at the same time leaves room for contingent processes of change" (p. 293). The "independent traditions" identified in this work include valuing the family unit, the promotion of Rawlsian egalitarian liberalism (p. 208), efforts to ensure egalitarian rights to inheritance (p. 89), and strides towards economic justice – all, to one degree or another, traceable in three very different countries. As the global movement away from inheritance taxation has been a significant part of political debate about inheritance taxation generally, a broader perspective on inheritance is needed. This book comes at a perfect moment.



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