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Looking in the French Mirror

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Retrovisore

Looking in the French Mirror

by Filippo Barbera

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The second edition of the *Handbook of Economic Sociology* [Smelser and Swedberg 2005] includes a chapter by Pierre Bourdieu, and the field of New Economic Sociology seems to be very interested in Bourdieu's *oeuvre*. Since this link has been made explicit only in the last five-ten years, the "French" introduction to *Le Marché Autrement: Essais de Mark Granovetter* [Granovetter 2000] is a useful tool to reconsider Mark Granovetter's work – and the New Economic Sociology (NES) in general – in a *nouvelle lumière*.

The essays included in *Le Marché Autrement* cover nearly twenty years of Granovetter's intellectual work and show both a continuity and a discontinuity in NES main concepts, especially with regard to the relationship between economics and economic sociology. Following Zelizer [2001], I will highlight three different ways to define the relationship between economics and economic sociology which are useful to contextualise Granovetter's introductory essay in a broader picture. The first approach has been defined as the *alternative* model: here economics is fundamentally a mistaken science, since economic phenomena are always a joint product of social and economic dimensions. The "social" cannot be separated, either empirically or analytically, from the "economic" [Krippner 2002]. In the second line, the *extension* model, the phenomenon is first explained through a rational choice approach, and then socio-structural elements are introduced to make sense of otherwise unexplained phenomena (e.g. tipping points and threshold models). Economics, according to this approach, is able to explain an *analitically* limited part of economic phenomena [Coleman 1990]. In the third and last approach, the *contextual* model, economic sociology completes the economic approach to human behaviour and eco-

nomic institutions. Sociological elements are analytically separable from economic ones, but empirically they are always mixed. In this line, for example, the rationality of social action is not denied as an analytical tool, rather it is crucial to empirically single out the social preconditions of calculativeness [Callon 1998, 6].

The models just outlined can help to interpret the evolution of NES, as well as its internal diversity. In the NES "manifesto" [Granovetter 1985], the research programme focused on the structural conditions which make economic processes work across space and time. NSE, in other terms, was *neither* denying the main hypothesis of economics – e.g. the rationality and calculability of social action – nor was it a simple *addition* of sociological variables to economic ones. Rather, the embeddedness paper was dealing with the structural preconditions of economic processes, as in the contextual model. A specific focus on the model of *extension*, however, was also very clear. In this perspective, social networks constitute a stock of relational resources that a rational actor may use to achieve his/her ends [e.g. Coleman 1990]. This line was, among others, followed by the "social resources" perspective [Lin 2001]. Economic theory works well in a world *without* social structure but – as soon as social structure is introduced – supplementary hypotheses are needed. Granovetter's threshold models are consistent with this line of research [Granovetter 1978].

Finally, the *alternative* model gives us a third meaning of the idea of embeddeness. The key points of the model are the following:

- embeddedness does not correspond *only* to interpersonal ties;
- embeddedness should be understood dynamically;
- embeddeness includes the meaning of social action and the social construction of economic institutions.

As said, in this third model economic and social dimensions are intertwined and may not even *analytically* be separated. These points give a peculiar slant to the problem of embeddedness, which turns into a critique of the rationality principle; on the contrary, in the 1985 Granovetter's paper the critical focus was on the problem of atomism. For instance, recalling a well known argument by Peter Blau, Granovetter's recent work contests the theoretical importance of intentional investment in personal relations. It's often the *non-instrumentality* of the investment in social ties which makes them economically productive:

> My study of job information flow (…), for example, made clear that it is often profoundly misleading to think of the acquisition of such information as the result of "investment" in contacts. One reason for this is well stated in Blau's discussion of "social exchange:" he points out that positive responses from another are rewarding only insofar as the recipient does not think they are *meant* to be (…) People want sociability and hope to be liked, approved and admired by others. Insincere

> approval is better than none (as those who encourage sycophants well know), but pales in comparison to approval without ulterior motive. Though some "investors" in social relations may achieve great skill in simulating sincerity, as shown by the success of "confidence rackets," the desire of recipients for true approval, and the vigilance of most in ferreting out its opposite, sharply bound the role of calculated instrumentality in social life [Granovetter 2002, 37].

Let's compare the previous quotation with another one, taken from the introductory remarks of Granovetter's 1985 article:

> Critics who have been attempted to reform the foundations of economics have mainly been economists themselves. Their attack has typically been on the usual *conception of rational action*. It is my argument here that there is another fundamental feature of neo-classical economic theory that provides more fertile ground for attack: the assumption that economic actors make decisions in isolation from one another – independent of their social connections: what I will call the *assumption of "atomized" decision-making* [Granovetter 1985, 2].

A shift in model has clearly occurred between the two quotes. All in all, it would seem that both the model of context and the model of extension introduce an *analytical difference* while the model of alternative also supports a *theoretical difference* between economic sociology and economics. For instance, Granovetter's recent contributions state that the analytical focus of the NSE – concrete on-going social relations – leads to a theoretical rejection of the rationality principle [Granovetter 2002, 38]. In contrast, those scholars who assume that the boundaries between economic sociology with economics are not theoretical but mainly analytical offer another solution. Here economic sociology looks different from economics on a particular *analytical level*, namely that of social organisation, but this is not meant to deny the importance of the *theoretical* arguments of economics.

This difference should not be overstated. The three models, in fact, are useful for different aims: for instance, neither the contextual model, nor the model of extension can properly explain *social identity* mechanisms or in-group out-group dynamics, what Tilly [2005] called "relational mechanisms." Furthermore, relational mechanisms would be particularly effective in integrating culture and power into economic analysis, *à la* Bourdieu.

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Abstract: In this brief note I highlight three key models of relationship between economics and new economic sociology, useful to make sense of Mark Granovetter's introduction to the French edition of his essays. I also argue that these models are useful to interpret both the evolution and the diversity of New Economic Sociology and that they require a focus on social networks, albeit with a different emphasis.

Keywords: embeddeness, new economic sociology, economics and sociology, social networks, rational choice theory.

Filippo Barbera is an assistant professor in Economic Sociology at the Department of Social Sciences of the University of Turin. His publications include: "A Star is born? The Authors, Principles and Objectives of Analytical Sociology." *Papers. Revista de Sociologia* 80: 31-50; "Social Networks, Collective Action And Public Policy: The Embeddedness Idea Revisited," in *Networks, Social Capital and Trust: Theoretical and Empirical Application from Europe* edited by S. Koniordos. London: Ashgate, 2005; "Community and Economy" in *International Encyclopedia of Economic Sociology* edited by J. Beckert e M. Zafirosky. London: Routledge, 2005.