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## Sociology and Development: What is at Stake?

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# Sociology and Development: What is at Stake?

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Development and modernisation processes are amid the fundamental themes, if not the constitutive ones, of classical sociological thought. In an attempt to spell out conditions, characteristics and consequences of the economic and social development of countries and contexts, scholars have conceptualised them in various ways. In the different classifications furnished by the sociological classics – from Comte and Spencer to Marx and Engels, from Durkheim to Weber and Simmel – development theory has been central to the theoretical construct. Development is therefore the large meta-theme from which both the basic concepts of the discipline and the analytical tools necessary for tackling contingent social problems are derived, whatever their origins.

More recently, the development concept has been subjected to such strong critical revision that it has even lost its traditional centrality as a discipline. On the one hand, owing specifically to its multidimensionality, it has started to split up, thereby following the process of a number of specialisations in the sociological field and re-emerging from time to time in different forms within the various subdisciplinary areas. As a result, the potential of the development concept to link different empirical research fields within a single theoretical framework has been weakened. On the other hand, the criticisms expressed against the more rigidly evolutionistic and unidirectional versions of this concept (at times drawn even from the classics themselves) have introduced different distinctions, such as that one between development and growth or between development and progress, as well as new forms of qualification, including sustainable development, human development and territorial development.

Development theories themselves have also undergone significant changes. Most striking is that the most meaningful contributions of the sociology of development are being made in the field of economic sociology. Economic sociologists such as Alejandro Portes, Mark Granovetter and Victor Nee, to mention but a few, have indeed made top level contributions to *issues of development*, by examining phenomena by means of concepts and theories related to economic sociology, such as *embeddedness*, *social capital*, *institutions*, *collective action*, *social exchange* and so forth. A considerable change has thus come about: whereas, until the 1970s, economic sociology was to development sociology what species was to kind, more recent contributions have shown that this analogy has been inverted and that development sociology is now considered to be a particular expression of economic sociology. Many of the concepts that development sociology abandoned far too soon, blinded by the rhetoric of globalisation, have been recovered by economic sociology, thus becoming useful instruments for explaining (and understanding) the dynamics, tensions and trends of development processes in recent decades. The best-known example is certainly that one related to forms of Asian capitalism and their institutional characteristics, such as *business groups* and *developmental states*, which have been analysed by the economic sociologists Nicole Biggart, Mark Granovetter and Gary Hamilton.

In view of this new centrality of economic sociology, what are the main analytical consequences when we try to explain the problems connected with development? First of all, both the sociology and economics of development have found common ground in the concept of *institution*, which, despite some rather relevant differences, has become the locus of their research. Indeed, economic approaches consider institutions principally as *regulative rules*, or in other words, as sets of intentionally established incentives targeted towards the resolution of problems related to economic efficiency. The approach of institutional economics therefore accepts the idea that some exchanges are too complex to occur in a market context and, for that reason, require institutional environments and more complex government structures providing roles, norms, sanctions, positive and negative incentives and so forth. The tradition of “new institutional economics” – which originated in Coase’s seminal work [1988], was taken further by Williamson [1996] and was then fruitfully applied in organisational economics [Milgrom and Roberts 1992] – probably represents one of the most flourishing developments in this area. From this point of view, legal norms, informal constraints and conventions can all contribute to a *more or less* efficient outline of the incentives and can, consequently, influence economic performance. Among economists, this is a very common way of viewing institutions, which are primarily seen as *constraints* and/or *opportunities* for action. Thus, for instance, if the actors move within an institutional framework which guarantees very precise property rights that

protect them from opportunism, there will be efficient incentives enhancing the development of exchange and therefore economic development. Therefore in economic approaches to institutions, when the exchange reaches a certain level of uncertainty and complexity, the market does not appear as an efficient institution, thus calling for other institutional tools.

Sociological neo-institutionalism applied to development, in contrast with the economic approach to institutions, focuses more on normative and constitutive rules: the actors perform according to specific social norms and conceptions of appropriate behaviour in the given circumstances [March and Olsen 1989], in line with mental schemes and rules defining the logic of the situation and the “role” assigned to each actor [Powell and DiMaggio 1991]. In fact, it is not enough to have regulative rules with associated sanctions/incentives: a set of actions can be considered institutionalised precisely when such sanctions and formal rules can be done without.

In the sociology of development there is a close link between institutional rules and super-individual actors. The rules and resources that make the economy an “institutional phenomenon” depend on the presence, reciprocal relations and roles of collective and/or corporate actors. The institutional environment – that is, the main source of rules and resources responsible for making the market and the economy into an institutional phenomenon – is therefore made up of *configurations of historically variable super-individual actors*. The role of the state can be seen as a case in point, since it is considered the institutional source of essential principles regulating economic life [Scott 1995]. Indeed, states generate property rights, regulate the means of representing interests, stimulate or depress the economy in specific sectors and directions and contribute to the growth of more or less protectionist regimes and of work barriers which, to different degrees, are defined between *insiders* and *outsiders*.

Moreover, institutional environments are actually made up of a vast number of super-individual actors – ranging from the state, church organisations and civil society to super-national organisations – historically variable owing to their context. Their roles can be played according to different kinds of rules and resources acting as a filter between exogenous competitive pressures, such as market globalisation, and the actors’ endogenous responses. As for neo-institutional approaches, the “filtering” action between external pressures and the actors’ responses does not only depend on economic efficiency, but rather responds to “political” attempts of controlling and pushing competition in a particular direction [Fligstein 1990]. This does not necessarily mean a *top down* model of institutional regulation [Scott 1995] in which new institutions follow the example of models which either already exist or are prevalent in certain hierarchically superior organisational fields. In turn, the institutional environment is modified by action from below according to the *bottom*

*up* modality. Higher-level institutions provide the context, including the behavioural models and options, allowing for the formation of organisational fields, which in their turn influence the behaviour of actors at a lower analytical level. However, through their action, the latter have a retroactive impact on the context either by interpreting differentially the rules transmitted by the other, by innovating the routine, or simply by not correctly applying – owing to ignorance or error – the institutional rules. Thus institutions are both *nested* within wider institutional environments and subject to the influence of organisations *set below* them. Clearly these multilevel processes – just like all processes of growth, maintenance or crisis in the institutional structures – should be analysed from the point of view of the complex interdependence between social networks, institutions and micro-level mechanisms [Granovetter 2002].

As I have argued, development sociology and economic sociology cannot nowadays be distinguished from one another: the key concepts of today's development sociology are identical to those ones of economic sociology. The consequences of this for development sociology are, in fact, rather well-defined in the debate. First of all, the market increasingly ceases to be either an enemy to fight against or a *deus ex machina* that is good for every situation. The market must once again be considered as a social, political construction of institutional nature. Development therefore does not depend only on how much capital has been invested, but becomes a consequence of the institutional structures at different levels of scale. This causes a shift in the variability (national, super-national and sub-national) of contexts, which become crucial for the analysis. This is in contrast with the interpretations that, in fact, wanted to cancel the relevance of the variability of contexts in favour of the pre-eminence of the "world system" [Wallerstein 1974]. And finally, development institutions are not only juridical, public or those ones linked to the state; on the contrary, as we have seen previously, the acceptance of institutions as a set of rules and institutional environments made up of a *vast number* of different super-individual actors, historically variable according to the bottom-up context, involves culture, values, and beliefs as well as individual and collective identities, and functioning also as a context for economic action.

The three articles gathered in this symposium, in spite of their diversity, contain applications of typical concepts of economic sociology to issues of development owing to the relevance of the institutional dimension. Schrank asks a simple but key question: "Why did sociologists lose so much ground to a discipline (economics) that was apparently stuck in a blind alley for fifty years?" His answer urges development sociology to bring three issues back-in: *i*) noneconomic motivations matter for economic efficiency; *ii*) the role of the state should be intended as a dependent rather than an independent variable; *iii*) growth is not the only focal point of development

theories and we need to focus on more “sociological explananda.” Seidman paper takes a stronger historical slant and shows how, since the 1997 East Asian crisis and the 2002 collapse of the Argentine peso, prominent development theorists questioned some of the orthodoxies of the 1980s and 1990s, by suggesting a greater role for states than that one envisaged in orthodox neoliberal theory. Emphasis on market-based growth cannot be detached from a new role of the state in development. But, as finally Nee argues in his paper, the Chinese case shows also that a key “sociological explanandum” of the new sociology of development, namely entrepreneurship, cannot be understood looking primarily at the role of the state. Quite the contrary, it would appear that the rise of private enterprise-led capitalist economic development was not *because of* the state, but *despite* the state’s earlier effort to block its development. In Nee’s account there is a close parallel in the bottom-up institutional innovations that gave rise to industrial clusters and production chains in the Yangzi delta regional economy with the industrial districts in the Italian case.

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**Abstract:** Development and modernisation processes are amid the fundamental themes, if not the constitutive ones, of classical sociological thought. In an attempt to spell out conditions, characteristics and consequences of the economic and social development of countries and contexts, scholars have conceptualised them in various ways. Recently, development theories themselves have undergone significant changes. Most striking is that the the most meaningful contributions of the sociology of development are being made in the field of economic sociology. A considerable change has thus come about: whereas, until the 1970s, economic sociology was to development sociology what species was to kind, more recent contributions have shown that this analogy has been inverted and that development sociology is now considered to be a particular expression of economic sociology. The article spells put the main analytical consequences this new centrality of economic sociology in the field of development analysis.

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*Keywords:* Development, Economic Sociology, Institutions, Embeddeness, Modernization.

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