

Doctoral Seminar

# Sociology of Markets

Jens Beckert / Pierre François

Spring term 2011

Syllabus

## General Introduction:

Markets are the core institutions of capitalist economies. They have become the most important subject field in economic sociology during the last twenty years. The seminar centers around three coordination problems market actors need to resolve to establish and reproduce markets. These coordination problems are the problem of competition, the problem of valuation, and the problem of cooperation. Competition refers to the institutional and social structural devices in markets through which firms reduce uncertainty and secure profit opportunities. Valuation refers to the creation of preferences in markets and the classification of goods through firms and consumers. Cooperation refers to the social risks market actors face from the non-fulfillment of contracts due to defection of their trading partner. It is closely related to the issue of trust.

The conceptual texts and case studies read in the seminar provide insights into the different approaches in economic sociology. The seminar aims at providing an overview over core problems in the sociology of markets and insights into the empirical work conducted in the field. From the sociological perspective, markets are not just an economic mechanism for the allocation of goods but are social institutions inseparably interwoven with the political, social, and cultural environments in which they operate.

## Seminar Organization:

- The seminar will take place in Paris, in Sciences Po (199 Boulevard Saint Germain – 75007 Paris), from June 27<sup>th</sup> to July 1<sup>st</sup>.
- Students will be asked to read all the “required readings” before the seminar. During the seminar, they will be asked to treat specific topics, drawings on these readings and working in small groups (4 or 5 persons per group), each group involving both German and French students.
- Students will also be asked to prepare a brief presentation (10 to 15 minutes each) based on a “case study” reading. There will be two presentations on days 2, 3 and 4 and one presentation day 4. The presentations will be prepared and presented by two students.
- Two preparatory meetings will take place
  - For students in Paris: during March in Sciences Po. All seminar participants from Paris must be present at this meeting.
  - For students in Cologne: On April 13<sup>th</sup> at 4pm in the Max Planck Institute for the Study of Societies (Paulstr. 3), seminar room 1. All seminar participants from Cologne must be present at this meeting.

**DAY 1 (JUNE 27, 2011)**

**14:30- 17:30**

**INTRODUCTION: WHAT ARE MARKETS? HISTORICAL AND CONCEPTUAL PERSPECTIVES**

***Required readings***

Beckert, J., 2009, "The social order of markets", *Theory and Society*, 38 (3), p. 245-269.

Fligstein, N., 1996, "Markets as politics: a political-cultural approach to market institutions", *American sociological review*, 61 (4), p. 656-673.

Braudel, F., 1977, *Afterthoughts on material civilization and capitalism*, Baltimore, John Hopkins University Press, 120 p. – Abstracts.

Polanyi, K., 2001, *The Great Transformation. The political and economic origins of our time*, Boston, Beacon Press, 317 p. – Chapter 4 to 6.

***Advised readings***

Aspers, P., 2011. *Markets*. London, Polity Press

Braudel, F., 1992, *Civilization and capitalism*, Berkeley, University of California press

Fligstein, N. and Dauter, L., 2007, "The sociology of markets", *Annual review of sociology*, 33, p. 105-128.

Lie, J., 1997, "Sociology of markets", *Annual review of sociology*, 23, p. 341-360.

Mauss, M., 2000, *The gift: the form and reason for exchange in archaic societies*, London, Rouledge, 199 p.

Swedberg, R., 1994, "Markets as social structures", in Smelser, N. J. et Swedberg, R. (dir.), *The handbook of economic sociology*, Princeton/New York, Princeton university press/Russell Sage foundation, p. 255-283.

Swedberg, R., 2005, "Markets as social structures", in Smelser, N. J. et Swedberg, R. (dir.), *The handbook of economic sociology. Second edition*, Princeton/New York, Princeton University press/Russell Sage foundation.

**Evening (20.00-23.00) – Film: *There will be blood***

**DAY 2 (JUNE 28, 2011):**  
**9:00-12:30 AND 14:00-17:00**  
**COMPETITION**

***Required readings***

*Classical approaches of competition:*

Simmel, G., 1903, "The sociology of conflict: I", *American journal of sociology*, 9 p. 490-525.

Weber, M., 1978, *Economy and Society. An Outline of Interpretive Sociology*, Berkeley, University of California press, 1469 p – Chapter 1, section 8, p. 38-40.

*The institutional approach*

Fligstein, N. et Mara-Drita, I., 1996, "How to make a market: Reflections in the attempt to create a single market in the European Union", *American journal of sociology*, 102 (1), p. 1-33.

*The network approach:*

Leifer, E.M., White, H.C., 1987, "A structural approach to markets", in Mizruchi, M.S., Schwarz, M., (dir.), *Intercorporate relations: the structural analysis of business*, New York, Cambridge university press.

*The status-based approach:*

Podolny, J. M., 1993, "A status-based model of market competition", *American journal of sociology*, 98 (4), p. 829-872.

***Case studies (discussion with Frank Dobbin)***

Dobbin, F. et Dowd, T. J., 2000, "The market that antitrust built : public policy, private coercion and railroad acquisitions, 1825 to 1922", *American sociological review*, 65 (5), p. 631-657.

Trompette, P., 2007, "Customer channelling arrangements in market organization: competition dynamics in the funeral business in France", *Revue française de sociologie*, English issue.

***Advised readings***

Bourdieu, P., 2005, *The social structures of the economy*, Cambridge, Polity press, 260 p

Burt, R., 1992, *Structural holes: the social structure of competition*, Cambridge, Harvard university press, 310 p.

Burt, R., 1993, "The social structure of competition", in Swedberg, R. (dir.), *Explorations in economic sociology*, New York, Russell Sage foundations, p. 65-103.

Fligstein, N., 2001, *The architecture of markets. An economic sociology of twenty-first-century capitalist societies*, Princeton, Princeton university press, 288 p.

- François, P., 2006, "Prototype, competition and market. The market for early music concerts", *Revue française de sociologie*, 47 (English issue), p. 183-210.
- Podolny, J. M., 2005, *Status signals. A sociological study of market competition*, Princeton, Princeton university press, 287 p.
- White, H. C., 1981, "Where do markets come from ?" *American journal of sociology*, 87 (3), p. 517-548.
- White, H. C., 2002, *Markets from networks*, Princeton, Princeton university press, 395 p.

***(17.00-19.00) – Film: Mondovino***  
***Evening (20.00-23.00) – Joint Diner***

**DAY 3 (JUNE 29, 2011):**  
**9:00-12:30 AND 14:00-17:00**

**VALUE**  
**(With Philippe STEINER – *to be confirmed*)**

***Required readings (Discussion with Philippe Steiner)***

*The economics of singularities*

Karpik, L. 2010, *Valuing the Unique*, Princeton, Princeton University Press. Chapter 1-6 (p. 3-66).

*The performativity approach*

Callon, M., 1998, "Introduction: the embeddedness of economic markets in economics", *in* Callon, M. (dir.), *The laws of the markets*, Oxford, Blackwell, p. 1-57.

*The economics of conventions*

Jagd, S., 2007, Economics of Convention and new economic sociology. Mutual inspiration and dialogue. *Current Sociology* 55: 76-91.

*The Cultural approach to markets*

Steiner, P., 2009, "Who is right about the modern economy: Polanyi, Zelizer, or both?" *Theory and society*, 38 (1), p. 97-110.

### ***Case studies***

- McKenzie, D. et Millo, Y., 2003, "Constructing a market: the historical sociology of a financial derivatives exchange", *American journal of sociology*, 109 (1), p. 107-145.
- Yakubovitch, V., Granovetter, M. S. et McGuire, P., 2005, "Electric charges: the social construction of rate systems", *Theory and society*, 34 (5-6), p. 579-612.

### ***Advised readings***

- Beth, D. Y. and Podolny, J. M., 1999, "Status, quality, and social order in the California Wine industry, 1981-1991", *Administrative science quarterly*, 44 (3), p. 563-589.
- Boisard, P. et Letablier, M.-T., 1991, "The future of a tradition. Two ways of making camembert the foremost cheese of France", *Food and foodways*, 4 (3/4), p. 173-207
- Bradach, J. et Eccles, R. C., 1989, "Price, authority and trust : from ideal types to plural forms", *Annual review of sociology*, 15, p. 97-118.
- Chiffolleau, Y. et Laporte, C., 2006, "Price formation: the case of the Burgundy wine market", *Revue française de sociologie*.
- Lounsbury, M. et Rao, H., 2004, "Sources of durability and change in market classifications: a study of the reconstitution in the American mutual fund industry, 1945-1958", *Social forces*, 82 (3), p. 969-999,
- Velthuis, O., 2003, "Symbolic meanings of prices : constructing the value of contemporary art in Amsterdam and New York galleries", *Theory and society*, 32 (2), p. 181-215.
- Stark, D., 2009, *The sense of dissonance. Accounts of worth in economic life*, Princeton, Princeton university press, 250 p..
- Zuckerman, E. W., 1999, "The categorical imperatives: securities analysts and the illegitimacy discount", *American journal of sociology*, 104 (5), p. 1398-1438.

***Evening (17.00-19.00) – Film: Enron, The smartest guys in the room.***

**DAY 4 (JUNE 30, 2011):**

**9:00-12:30 AND 14:00-17:00**

**COOPERATION**

### ***Required readings***

*Trust in sociology*

- Giddens, Anthony, 1990, *Consequences of Modernity*, Cambridge, Polity Press, Chapter 3, p. 79-111.

### *Trust and institutions*

Möllering, G., 2006, "Trust, institutions, agency: towards a neoinstitutional theory of trust", in Bachman, R. et Zaheer, A. (dir.), *Handbook of trust research*, Cheltenham, Northampton, Edward Elgar, p. 355-377.

### *Trust and rationality*

Williamson, O., 1993, "Calculativeness, Trust, and Economic Organization" *Journal of Law and Economics*, 36, p. 453-486.

### *Trust and networks*

Uzzi, B., 1996, "The source and consequences of embeddedness for the economic performance of organizations : the network effect", *American sociological review*, 61 (4), p. 674-698.

### **Case studies**

Gambetta, D., 1988 "Mafia: The Price of Distrust", in Gambetta, D. (dir.), *Trust. Making and Breaking Cooperative Relations*, New York: Blackwell, p. 158-175.

Zucker, L.G., 1986, "Production of Trust: Institutional Sources of Economic Structure, 1840–1920", in Barry M.S. and Larry L. Cummings (dir.), *Research in Organizational Behavior*, Vol. 8. Greenwich, CT, JAI Press Inc., p. 53–111.

### **Advised Readings**

Bacharach, M. et Gambetta, D., 2001, "Trust in signs", in Cook, K. (dir.), *Trust in society*, New York, Russell Sage Foundations, p. 148-184.

Beckert, J., 2005, "Trust and the Performative Construction of Markets", MPifG Discussion Papers.

Luhmann, N., 1988, "Familiarity, Confidence, Trust: Problems and Alternatives", in Gambetta D. (dir.), *Trust. Making and Breaking Cooperative Relations*, New York, Blackwell, p. 94-107.

Saxenian, A.L., 1989, "In search of power: the organization of business interests in Silicon Valley and Route 128", *Economy and Society*, 18, p. 25-70.

Shapiro, S. P., 1987, "The social control of impersonal trust", *American journal of sociology*, 93 (3), p. 623-658.

**DAY 5 (JULY 1, 2011):**

**9:00-12:00**

**SOCIOLOGY OF MARKETS AND FINANCIAL CRISIS – A discussion with Olivier Godechot (CNRS) –**

***Required readings***

Mizruchi, Mark S., 2010, The American Corporate Elite and The Historical Roots of the Financial Crisis of 2008., In Michael Lounsbury and Paul M. Hirsch (ed.) *Markets on Trial: The Economic Sociology of the U.S. Financial Crisis*, p.103-139