

29. Economic Sociology and New Institutional Economics

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When economic sociology appeared on the academic scene in the mid-1980s its interactions with New Institutional Economics were soon plentiful as well as productive. Especially the ideas of Oliver Williamson and Douglass North were often discussed and found useful. That this was a fruitful interaction is exemplified not least by the fact that Williamson's notion of "hybrid" was developed in response to comments on his distinction between markets and hierarchies by some sociologists. The concept of "transaction cost" soon became part of the sociological language, and sociologists suddenly seemed more receptive to ideas of economists than they had been for a very long time.

A few years later, however, the interactions between new institutional economists and economic sociologists began to become less frequent and productive. A number of sociologists have continued to visit the annual meeting of ISNIE, and articles by sociologists occasionally appear in a journal such as *Journal of Institutional and Theoretical Economics*. There is also the recent anthology by Mary Brinton and Victor Nee—*The New Institutionalism in Sociology* (1998)—which represents a very successful attempt to bring together sociologists and economists around the issue of institutions. On the whole, however, since a decade or so there is considerably less interaction than one could have wished for.

This chapter represents an attempt to remedy this situation and further a two-way traffic between economic sociology and New Institutional Economics. We feel that economic sociology has enormously much to learn from New Institutional Economics and that this Handbook can play a constructive role in this process. We also feel that economists working in the tradition of New Institutional Economics may want to be better informed about what has been happening in economic sociology during the last few years, not least when it comes to such common interests as the concept of institution and the role of institutions in economic life. Reflecting these concerns, we have structured this chapter in the following way. We will first summarize developments in economic sociology since the early 1990s, when the link between the two fields started to become weaker. We shall then turn to the concept of institution and how it can be improved. We will also relate the concept of institution to norms, similarly trying to advance the discussion by introducing some new ideas.

1. ECONOMIC SOCIOLOGY: RECENT DEVELOPMENTS

The last ten to fifteen years have been characterized by an extremely dynamic growth in economic sociology and also by the gradual institutionalization of this field (see Table 1). Some new topics have been broached, such as wealth, entrepreneurship and the role of law in the economy. Earlier insights have been elaborated upon and developed in new directions. The latter is true, for example, for Mark Granovetter's well-known ideas about embeddedness and Harrison White's theory of production markets. There is also an ongoing attempt to consolidate the insights in economic sociology by going back to the classics and learn from these.

What struck economic sociologists as important in the mid-1980s differs to some extent from what they see as important today. The same is true for the relationship of economic sociologists to economic theory: what they saw as important two decades ago is not necessarily what they find suggestive and interesting today. The concern with transaction costs, for example, has grown

Table 1. Contemporary Economics Sociology

Programmatic Statements:	<u>Popular Classics:</u> Max Weber, <i>Economy and Society</i> (1920); Karl Polanyi in <i>Trade and Market in the Early Empires</i> (1957); also Karl Marx, <i>Capital</i> (1867)
	<u>Modern Landmarks:</u> Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness" (1985); also: Pierre Bourdieu, "Principles of Economic Anthropology" (1997, 2001).
Basic Approach:	Economic phenomena can be analyzed with the help of the sociological apparatus (its ideas, concepts and methods). The relationship between economic phenomena and non-economic phenomena is central as well.
Central Conceptual Tools:	embeddedness, networks (including actor-network-theory), an interest-based concept of institutions, fields (organizational and other), capital (social, cultural and so on).
Introductions to Economic Sociology:	<i>Handbook of Economic Sociology</i> (1994, 2 nd ed. forthcoming in 2005); <i>Sociology of Economic Life</i> (main reader); Sarah Babb and Bruce Carruthers, <i>Economy/Society</i> (undergraduate textbook); Richard Swedberg, <i>Principles of Economic Sociology</i> and Carlo Trigilia, <i>Economic Sociology</i> (medium-level introductions); Mary Brinton and Victor Nee (eds.), <i>The New Institutionalism in Sociology</i> (economists and economic sociologists, advanced introduction).
Current Strongholds:	In the United States: major universities such as Cornell, Stanford, Berkeley, Princeton and Northwestern; also some business schools, such as the Sloan School of Management (MIT) and the University of Chicago Business School. In Europe, economic sociology is especially strong in France (Paris, Lille), Germany (Goettingen, Cologne), England (London, Cambridge) and Scotland (Edinburgh).
Key People:	Wayne Baker, Jens Beckert, Nicole Woolsey Biggart, Luc Boltanski, Mary Brinton, Ronald Burt, Michel Callon, Bruce Carruthers, Gerry Davis, Frank Dobbin, Peter Evans, Neil Fligstein, Bai Gao, Gary Gereffi, Mark Granovetter, Mauro Guillén, Karin Knorr Cetina, Donald MacKenzie, Mark Mizruchi, Victor Nee, Joel Podolny, Walter Powell, Richard Swedberg, Laurent Thevenot, Brian Uzzi, Harrison White and Viviana Zelizer
Recent Key Monographs:	Pierre Bourdieu, <i>Social Structures of the Economy</i> (2004), Jens Beckert, <i>Unearned Wealth</i> (forthcoming), Bruce Carruthers, <i>City of Capital</i> (1996), Frank Dobbin, <i>Forging Industrial Policy</i> (1994), Neil Fligstein, <i>The Transformation of Corporate Control</i> (1990), Mark Granovetter, <i>Getting A Job</i> (1974, 1995), Richard Swedberg, <i>Max Weber and the Idea of Economic Sociology</i> (1998), Harrison White, <i>Markets from Networks</i> (2002), and Viviana Zelizer, <i>The Social Meaning of Money</i> (1994).
