

## INTRODUCTION

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## The Lives behind Economic Lives

When I started my academic journey during the 1970s, I never imagined that I would arrive at the center of a field called economic sociology. This collection of papers from across that journey—so far!—traces the intersection of three initially separate paths: the development of one scholar's theoretical and empirical concerns; the transformation of a once-marginal intellectual field into a flourishing enterprise; and the opening of new conversations between two established but long-alienated disciplines: economics and sociology. This triple perspective has a deep disadvantage and a strong advantage. On the negative side, it suggests a false claim that I accomplished the syntheses and new discoveries on my own. On the positive side, it provides a privileged observation post for inspection of how intellectual enterprises change through interaction among their discipline-bound participants.

Here's another way of looking at the book. The pages you have before you trace an intellectual journey through the obscure borderlands of culture and the economy. Although the chapters draw mainly on evidence from the United States since about 1850, they address issues of concern to anyone anywhere who wants to clarify how shared understandings and interpersonal relations infuse and shape the ostensibly impersonal worlds of production, consumption, distribution, and asset transfers: When new forms of economic activity arise, how do ordinary people integrate them into their existing webs of meaning and solidarity? (For example, do people treat electronic currency differently from hard cash?) How do markets and interpersonal networks shape each other? (Is it true, as commonly believed, for example, that marketization drains personal relations of their strength, warmth, and meaning?) Once they are trying to describe and explain the economic lives of households or of children's friendships, how must analysts modify standard economic models based on firms and production markets? (Should we assume, for example, that efficiency matters less to the viability of economic activity outside of firms and production markets?) Each chapter in the book addresses such questions by rejecting narrow economic reductionism but without fleeing to the opposite extreme—construction of a fantasy world consisting entirely of beliefs and sentiments.

This introduction contains three main sections: a review of my personal itinerary through the study of economic phenomena; a sketch of how the field of economic sociology took shape from the 1980s onward, including my place within it; and reflections on current relations between the disciplines of economics and sociology.

At the start of my long effort to make sense of intersections among economic activities, small-scale interpersonal relations, and shared culture, I supposed that the central challenge was to show how slowly moving and humanly motivated shifts in culture—in shared understandings and their representations in symbols and practices—generated changes in ordinary people's treatments of social dilemmas such as the adoption of life insurance in the face of sacred prohibitions on the monetary evaluation of human life. That conception belonged part and parcel to a major current of historical sociology as practiced back then. We might call it the analysis of culture in social history. That approach offered a welcome alternative to the rational materialism that then constituted its chief rival within social history.

As with most beginners in a professional field, my graduate school mentors provided the platform from which my intellectual career began. Three sociologists and a historian stand out among the stellar figures who were teaching at Columbia University during the 1970s. Historical sociologist Sigmund Diamond (who had in fact received a Ph.D. in history), analyst of changes in American wealth and power, revealed a vision of historical evidence as a basis of sociological interpretation. Historically and theoretically ambitious Bernard Barber, whose specific work centered on the sociology of natural science but proliferated into general analyses of social structure, showed enormous sympathy for my fumbling efforts to make theoretical sense of historical evidence. Historian of medicine and the criminal system David Rothman integrated me into a group of fledgling scholars who were learning the delights and perils of social history. Although he stood at a greater distance from my particular work, the always wise Robert K. Merton repeatedly intervened to help me sharpen my arguments and connect them more firmly to relevant strands of social theory.

These early influences imposed a cost that only later became a benefit. I remember all too painfully an early interview for a job in a university sociology department during which my interrogators asked pointedly how my social historical research qualified as sociology at all. Fortunately, the boom in collaboration between American history and social science that was occurring during the 1970s in the work of such diverse scholars as Michael Katz and Herbert Gutman provided a partial justification for my own style of work. It also differentiated my efforts from the other great enterprise then under way in historical sociology: the comparative-historical study of large structures and big processes in the vein of Immanuel Wallerstein and Theda Skocpol. Thus, unexpectedly, my work found a temporary home within sociology.

Of course, later intellectual interchanges also shaped my thinking. From the late 1980s, work in new institutional settings expanded the range of my intellectual relations. A delightful year at the Russell Sage Foundation brought me into contact with a spirited, diverse group of specialists in various economic processes; among other things, it initiated a long-term dialogue

with fellow Russell Sager Charles Tilly, who constantly urged me to expand my theoretical range. A move from Barnard College to Princeton University intensified my exchanges with Paul DiMaggio and Alejandro Portes, while adding more frequent conversations with Michael Katz at the nearby University of Pennsylvania. About the same time, Richard Swedberg and Neil Smelser helped me find my place in economic sociology by mapping me into their own influential systematizations of the field. At Princeton, a marvelous crop of graduate students likewise stimulated me to extend the range of my own thinking.

In retrospect, I now see that the cultural social history with which I began greatly underplayed two problems that eventually occupied the center of my work: how interpersonal negotiations actually transform both available culture and personal relations, and how negotiated interpersonal relations shape the accomplishment of concrete economic activity. Among other things, then, this book chronicles a transformation of my personal approach to the analysis of social processes.

Almost unconsciously, that shift of theoretical perspectives induced alterations in my methods and materials. My earlier work generally assembled and connected two bodies of evidence: observations of changes in widely shared conceptions of some social phenomenon—the value of human life, the character of money, and so on—and partly independent observations of changes in social practices, such as the creation of particularized monies matched to different sorts of social relations.

Increasingly, however, my methods and materials shifted toward two other foci: (1) examination of how people accomplished apparently similar economic work, such as provision of personal care and maintenance of households, in different social settings, and (2) close scrutiny of disputes that arise in the course of negotiating economic relations, notably including legal cases that simultaneously dramatize the issues of everyday social relations and clarify how different social milieus deal with similar dilemmas. As a result, the long-term inspiration of social history transmuted into a concern for locating contemporary economic processes within their social contexts.

Starting in the 1990s, my increased interest in the legal treatment of economic processes brought me into valuable conversations with legal scholars, especially with participants in the so-called New Chicago School critique of the prevailing law and economics approach, such as Dan Kahan, Lawrence Lessig, and Cass Sunstein. Gradually, the dialogue extended to feminist legal scholars involved in vigorously contesting standard approaches to commodification for, among other things, failing to acknowledge women's unpaid economic contributions.

Rather than following the nuances and uncertainties of my intellectual itinerary, let me schematize by breaking my successive inquiries into big chunks. Over the roughly thirty years that these problems have preoccupied

me, my work on them has fallen into six clusters: (1) valuation of human lives, (2) the social meaning of money, (3) intimate economies, (4) the economy of care, (5) circuits of commerce, and (6) critiques and syntheses.

I first approached the valuation of human lives with a historical analysis of how Americans came to accept life insurance as a prudent investment in the future rather than an obscene wager on human mortality; my book *Morals and Markets* (1979) summarized that analysis. I complemented this study with a similarly historical analysis of how Americans shifted from treating children as economic assets to considering them as priceless; the book *Pricing the Priceless Child* (1985) reported that line of work most extensively.

Second, my analysis of the social meaning of money centered on a similarly historical treatment of the ways that ordinary Americans responded to their government's imposition of uniform legal tender by creating a wide variety of "special monies" that they used to mark off different activities and social relations from each other; *The Social Meaning of Money* (1994) reported that inquiry. These studies of valuation and money also produced some useful offshoots, notably synthetic essays on children's economic lives and consumption by both adults and children.

My third field of interest, intimate economies, introduced a less historical but more synthetic survey of intersections between economic activity and intimate relations in four areas: households, erotically linked couples, the provision of personal care, and legal disputes arising from those relations. *The Purchase of Intimacy* (2005) proposes what I call a "connected lives" approach for investigating and explaining multiple forms of mingling between economic transactions and intimate ties. Although it did reach back occasionally to nineteenth-century practices and legal disputes, the book broke the mold of cultural social history that had shaped most of my previous work. The work on intimacy continues to have ramifications, in analyses of corporate ethical codes or the impact of intimacy on the performance of economic organizations, for example.

A fourth cluster of analyses stemming from the work on intimacy dealt with the economy of personal care—the provision of welfare-enhancing personal attention ranging from professional health services to household labor. This cluster took my research farther into the distinction between paid and unpaid forms of economic interaction.

I call the fifth cluster circuits of commerce, the exploration of how people create distinctive, bounded arrangements of social relations that sustain economic activity in ways that the standard terms of firms, hierarchies, and markets do not grasp, for example, in such arrangements as migrant remittances, rotating credit and savings associations, and local monies.

Finally, a sixth set of studies consists of more general essays, mostly critical, concerning the interplay of economic activity and social life, especially as pursued by economic sociologists in Europe and the United States; these

analyses appear here together for the first time within the same book. This volume, then, offers samples of all six lines of work.

The remainder of this introduction reviews economic sociology's development as seen from my perspective and provides a snapshot of current relations between the disciplines of economics and sociology.

## ECONOMIC SOCIOLOGY

My grounding in the social-historical study of culture, interpersonal relations, and economic activity prepared for a peculiar encounter between my work and the distinctive subdiscipline called economic sociology. Unexpectedly, that encounter swept me into some of economic sociology's central debates. My entry occurred through deep suspicion of three common modes of thought concerning economic processes. I eventually labeled those perspectives "separate spheres," "hostile worlds," and "nothing-but." Separate-spheres doctrines posited two distinct arenas of social life, one oriented toward rational effectiveness, the other toward sentiment and solidarity. Left to itself, according to the doctrines, each sphere operated more or less harmoniously. But the hostile-worlds model predicted mutual contamination if the two spheres intersected closely: the penetration of rational calculation into the sphere of sentiment would disrupt solidarity, just as the penetration of sentiment into the sphere of rationality would disrupt efficiency.

As alternatives to these paired doctrines, other scholars proposed an array of nothing-but characterizations for socially informed economic activity: nothing but rationally organized markets, nothing but power, nothing but culture. My work on the valuation of lives and on monetary practices forced me to recognize the inadequacies of all these views. I therefore first discovered economic sociology with surprise and some dismay—not least because then almost no women numbered among economic sociology's practitioners. Little did I then think that it would become the site of my work to come.

To be sure, the sociological study of economic processes has a long lineage. Karl Marx, Max Weber, and Emile Durkheim led the way. In the United States during the 1950s, Talcott Parsons and Neil Smelser set out to synthesize economic and sociological approaches, but their efforts failed to galvanize a new specialty. What is now called the "new economic sociology" took off in the 1980s. As the chapter "Pasts and Futures of Economic Sociology" points out, in its early stages, economic sociologists remained closely attached to mainstream economics. Specialists concentrated on two activities: extending economic analysis into areas economists ignored and identifying social contexts that facilitated or constrained economic action.

Most notably, the concept of embeddedness became economic sociology's icon; in its simplest versions, embeddedness described the way that price

setting, asset transfers, and other standard economic activities (presumed to operate internally according to the precepts of neoclassical economics) responded to their location within varied social settings. These insights launched a broad program of inquiry. But they also perpetuated the fallacies of nothing-but economic reductionism on one side and of separate spheres on the other. Nothing-but extension views promoted an understanding of all economic processes as conforming to the thin models of mainstream economics. In contrast, context theorists maintained the distinction between a world of social life and a distinct world of economic activity, instead of integrating them.

Gradually, however, criticism of these deficiencies accumulated. In the process, economic sociologists began formulating a variety of alternatives to extension and context approaches. In recent analyses, they have moved from straightforward network conceptions of interpersonal ties to an emphasis on the variable quality, intensity, meaning, and consequences of relational ties among economic actors. They have also moved away from the simple exportation of economic models to areas outside of firms and markets to a critical examination of the distinctive economic forms that arise in such settings as households, informal economies, consumption markets, the care economy, microcredits, migrant remittances, and gift transactions.

In Europe, economic sociology's path differs from the U.S. trajectory for two main reasons. First, the economics to which Europeans are responding is quite different in emphasis, reflecting more of an institutional, historical, and comparative background than U.S. economics. Second, economic sociology connects more closely with reform and applied programs in Europe than it does in the United States. My work with the Economic Sociology section of the American Sociological Association has led me to recognize the tense but potentially very fruitful dialogue Americans are carrying on along the same line. Despite starting out as a specialist in the American economy, within the section of the ASA, I found myself increasingly connecting European and American work in this vein. (It helps that I grew up bilingual in Spanish and French.)

My extensive contacts with European sociologists and economists, especially in the Paris region, have revealed a world of scholarship in which many people are trying to make strong connections among moral theories of the economy, ideas of social change, and public policy. French economists and sociologists have moved toward the formulation of truly alternative, socially based description and explanation of economic activity. Denying any intrinsic division between sociology and economics, for example, in 2005 economist André Orléan issued a stirring call for what we can name alternative accounts of economic activity in general.

As I pointed out earlier, I did not start out as a self-defined economic sociologist. In a sense, I just backed into the field. For years I worked mainly

on changes in American social life, with special attention to how economic processes affected it. My first three books dealt with the development of life insurance, the valuation of children, and people's uses of money. I thought of myself as a historical sociologist, but not in the grand style of comparing empires, whole economies, and industrial revolutions. Then scholars who clearly belonged to economic sociology, such as Pierre Bourdieu, Harrison White, and Richard Swedberg, began using my work and treating it as a challenge to conventional economic thinking.

Surprised but pleased, I gladly joined debates about how economic processes work. By the time I published *The Purchase of Intimacy* in 2005, I was both teaching my own version of economic sociology and contributing regularly to symposia on the subject—especially when organizers wanted to show how economic analysts could treat culture and small-scale interpersonal relations effectively. The same effort found me integrating gender differences and relations into economic analysis far more extensively than other economic sociologists had previously done. My students then drew me farther into the study of economic organizations and transnational economic processes. That placed me in the middle of discussions about the proper pursuit of economic sociology.

Authors of books that are still in print can gain insight into their intellectual locations by consulting a dramatic feature presented on line by the bookseller Amazon.com. The Web site amaznode.com compiles Amazon's own sales for a network-style visual presentation of what *other* books people who bought a given book also bought.<sup>1</sup> When last consulted, amaznode displayed the commercial connections of *Pricing the Priceless Child* (PTPC), *The Social Meaning of Money* (SMM), and *The Purchase of Intimacy* (POI). The network graph tells a story of its own. PTPC links to more recent economic sociology, but it connects most closely with books on the history of childhood and nineteenth-century American history. SMM locates closer to standard economic sociology, but it clusters especially with books (including mass-audience books) on markets, economic life at large, and connections between law and markets. POI, finally, lies in the very middle of current economic sociology but also—and more surprisingly—makes connection with work on network analysis. We could hardly ask for a more graphic depiction of the initially quite separate but eventually convergent development of my analyses and those of economic sociology in general.

## ECONOMICS AND SOCIOLOGY

Despite the advances of economic sociology during recent decades, the intellectual relationship between the disciplines of economics and sociology remains enormously lopsided.<sup>2</sup> Economists intermittently draw on material

assembled by sociologists (for example, concerning the economics of migration) to document their own discipline-based arguments. But nothing like the relatively free flow of ideas that currently runs between sociology and political science links economics to sociology. On their side, sociologists who study economic processes all too easily accept the problem-setting of standard economics rather than intervening in ways that place new analytical problems on the economics agenda.

Economic sociologists' almost obsessive commitment to their one-sided dialogue with economists has mixed effects. On one side, it opens a channel of communication through which good, new ideas can flow fruitfully in both directions. Within my own university, I have helped organize colloquia from which both the economists and the sociologists have visibly benefited. On the negative side, let me signal one pernicious effect: a strong tendency to concentrate on the same economic sites—notably capitalist firms and production markets—that have largely captured mainstream economists' attention. This weakness encourages economic sociologists to ignore households, informal economies, and trust networks (or relegate them to the economic periphery, treated as quasi-economies).<sup>3</sup>

Yet a halting dialogue between economics and sociology is developing. As it happens, the recent successes of behavioral economics, game theory, feminist economics, organizational economics, institutional economics, and household dynamics have all produced welcome openings for dialogue between the disciplines. Some economists have begun to look seriously at culture and social relations. Take just three prominent examples.

First is economist Robert Gibbons's 2005 article, "What Is Economic Sociology and Should Any Economists Care?" Gibbons answers yes to his rhetorical question, reporting that his own interest began "when I recognized that some sociologists were working with independent and dependent variables that were barely mentioned in the economics literature, but seemed potentially quite important." Gibbons calls for a "Pareto-improving dialogue between the appropriate margins of economics and sociology."

Second, Luigi Guiso, Paola Sapienza, and Luigi Zingales in their 2006 paper also answer a resounding yes to their own query: "Does Culture Affect Economic Outcomes?" Although they do not cite economic sociologists (with the exception of rightly praising Paul DiMaggio's work), they treat culture—by which they mean collective beliefs, identities, and preferences—seriously, not as outcome but as an independent causal factor. They conclude that "importing cultural elements will make economic discourse richer, better able to capture the nuances of the real world, and ultimately more useful."

Finally, George A. Akerlof's 2007 presidential address to the American Economic Association emphatically called for recognizing norms as the "missing motivation in macroeconomics" and outlined specific ways of incorporating those norms into economists' analyses. While remaining faithful

to economics' focus on individual preferences and motivation, Akerlof broke crucial new grounds for dialogue between economists and sociologists (see also Akerlof and Kranton 2010).

However, if they want to have a serious impact on economics, economic sociologists cannot simply wait for bright-eyed economists to notice what they are doing. Economists pay serious attention when analysts make direct and cogent bids to revise existing economic analyses. Notice the great difference in impact by three bodies of relevant, innovative work that have grown up over the past twenty years: game theory, behavioral economics, and economic sociology itself. Game theory for all practical purposes has become an integral part of economic theory. Every economics student learns it. Game theory has made it perfectly legitimate to set up analyses of economic choice situations not as individual cognitive decision making but as a form of social interaction. It is a success story for a research framework that at one point was alien to neoclassical economics.

Behavioral economics, despite its remarkable success, still remains at a halfway point. It may well follow game theory, but there is still a question whether it will fundamentally modify mainline economic theory or remain a critical, dissident movement within economics. In a review of advances in behavioral economics, Wolfgang Pesendorfer (2006) notes that behavioral economics "remains a discipline that is organized around the failures of standard economics." This "symbiotic relationship with standard economics," he notes, "works well as long as small changes to standard assumptions are made." Despite the Nobel Prize in economics shared by Vernon Smith and Daniel Kahneman, we have yet to see the microfoundations of standard economics transformed in the manner that behavioral economists claim they should be.

## CONCLUSION

In my opinion, economics has paid a stiff price for its current scope and precision. It has, on the whole, located its central causes in the decisions of largely autonomous individuals who operate within constraints set by well-defined resources and institutions. Even game theory, after all, generally features individuals who make choices individually with no more than anticipation of how other parties will make their own autonomous choices. Such an approach has the virtue of parsimony. But it almost entirely neglects the incremental negotiation of shared understandings and interpersonal relations that lies at the center of alternative, more sociological, analyses of economic processes.

Sociologists, to be sure, pay the opposite price: a potpourri of theories and observations so various that a researcher can rarely be sure that a new finding actually fits with or contradicts previously accumulated understandings of

the economic process at hand. It is even worse than that, because economic sociologists so regularly specialize in one structure or process at a time, some dealing with households, some with migration, some with firms, some with the exchange of particular commodities. As a consequence, intellectual accumulation proceeds slowly and uncertainly. Gradually, I have come to see my own work partly as a rescue operation: helping other students of economic processes recognize similar forms of interpersonal negotiation and cultural accumulation in a wide range of settings, whether or not they belong to the traditional subject matter of economics.

Yet I see hope. Economic sociology certainly has some of the same potential as game theory or behavioral economics, but it has remained far outside of economists' main conversation. So far, it attracts only dissidents within economics. It is certainly not something that economics students routinely learn about. Economic sociologists face an interesting choice: plunge into the core models of economics in the wake of game theory and behavioral economics, or continue their current business in hope that friendly economists will do the importing for them.

The first choice means deploying the concepts, models, mathematics, and econometrics that have become economists' stock in trade. As economist Dan Silverman (2006) points out about the thus far incomplete success of behavioral economics, it typically involves identifying processes that standard economic models must treat as anomalies, rewriting relevant economic models so they account for the anomalies, and establishing the empirical validity of the revised models. It may also mean reducing the dialogue with the rest of sociology. But the second option means remaining peripheral to the exciting current transformations of economics. Given my own limited knowledge of technical economics and my preference for direct observation of economic interactions, of course, I hope that some of each—both integration of economic sociology into economic theory and sociological inquiry into economic processes—will continue for the foreseeable future.

It will not be easy, if only because the exemplary cases of game theory and behavioral economics involve modification, but not elimination, of economic models' deep individualism. It will take great theoretical, technical, and even rhetorical finesse to make interpersonal processes, including culture, genuine foci of economic analysis. How will sociologists rewrite economic models so that they incorporate the culturally drenched dynamics of organizations, households, institutions, and interpersonal ties?

Evidence that a rapprochement is possible in principle, however, comes from a fourth innovative field: the new institutional economics. Researchers in this field have absorbed the findings from behavioral economics about the departure of actual behavior from traditional economic rationality and selfishness, and used the framework of game theory with varying degrees of formality. Starting with Douglass North's distinction between the rules of the

game and the play of the game, through Oliver Williamson's analysis of opportunism based on Thomas Schelling's concept of credibility, to the formal models of constitutions developed by Daron Acemoglu and James Robinson, this work has elucidated how institutions influence the form and outcome of economic transactions, most notably property and contracts. This has profoundly changed and enriched our understanding of firms, industries, and markets, as well as the historical processes of economic growth and development. Institutional economists have plenty in common with institutional and economic sociologists: awareness of organizational processes, concerns about contract enforcement, openness to culture, and more. Although I hope we can continue the dialogue about small-scale economic processes and micro-foundations, we also have an opportunity for an innovative economics-sociology alliance on the large scale.

By no means does the book before you synthesize contemporary thinking in economics and economic sociology. Far from it: the book's chapters trace an itinerary into and through economic sociology with only side glances at parallel developments within economics. But they do, I think, raise issues about which economists could benefit from studying more extensively. Most centrally, the book examines how connected people incorporate available culture and interpersonal relations into their daily negotiation of economic activity. In doing so, all of us incessantly reshape the economy at the small scale and the large. That is why I have called this book *Economic Lives*.

## NOTES

1. I thank Kieran Healy for alerting me to the site (<http://amaznode.fladdict.net>) and making a presentation based on it in his paper "The Performativity of Networks," at the American Sociological Association annual meetings, August 2007.

2. The following two sections are drawn from "Interview: Viviana Zelizer Answers Ten Questions about Economic Sociology," *European Economic Sociology Newsletter* 8 (July 2007): 41–45.

3. To be sure, there are exceptions on both sides, as a number of economists and economic sociologists have contributed important work to those areas.

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