

Soc 1070: Money and Society: An Introduction to Economic Sociology

Brown University

Spring 2008

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Course Description

This course introduces major concepts from economic sociology to regarding money and society. We all know that money includes more than cash or paper money. In modern society, you also use checks and credit cards very often. With a computer, we can even purchase consumer goods, sell things and conduct business activities in the virtual marketplace. Money is related to a lot of other interesting social issues. We will tackle some of them in this course.

We will focus attention on theories from economic sociology. This literature consists of heated debates between economists and sociologists, as well as how the two attempt to complement each other. The topics that we will examine include firms, consumption, market, rationality, culture choice, social networks and the state. You should develop a more critical understanding about money and society after this course.

Grading Structure

1. Attendance and activities: 20%
2. Tests: 30%
3. Essay assignments: 30%
4. Final project: 20%

More details will be announced during the semester.

If you are a graduate student, please consult the instructor about specific grading requirements.

Textbooks

Required: Richard Swedberg, 2003. *Principles of Economic Sociology*. Princeton, NJ: Princeton U Press.

Optional: Mark Granovetter and Richard Swedberg (eds), 2001. *The Sociology of Economic Life*. Boulder, CO: Westview Press

Optional: Neil Smelser and Richard Swedberg (eds), 2005. *The Handbook of Economic Sociology*. Princeton, NJ: Princeton University Press.

We will also assign readings from other sources (see Reading List below).

Disability and Medical Conditions

If you have a disability or medical condition that requires special accommodation, please contact the instructor at the beginning of the semester.

Honor Code

All the work you submit for this course must be your own. If you use the work of other researchers or students, you will not receive a grade for this class.

Course Structure

Part I: Introduction

Week 1: What is money?

Week 2: Basics of Economic Sociology

Week 3: Firms

Week 4: Consumption

Week 5: Market

Part II: Essential Topics

Week 6: Preferences: Psychology and Cultural differences

Week 7: Bounded Rationality

Week 8: The Industry

Week 9: Social Networks and Money

Week 10: Money and the State

Part III: Further Topics

Week 11: Jobs and Income Inequality

Week 12: Informal and Ethnic Economies

Week 13: Money and Family

Week 14: Money and Philanthropy

Week 15: Final Exam

Weekly Schedules

Topic	Major Questions / Activities	Notes
1. What is money?	We will talk different types of money in this first week.	Introduction and group formations
2. Basics of Economic Sociology	We will survey major debates between economists and sociologists to get a sense of the field of economic sociology	
3. Firms	What are major economic theories of firms and how sociologists react to them?	
4. Consumption	What are some of the theories about consumer choice?	Assignment 1 due
5. Market	Basics of supply and demand; Market Equilibrium; Limitations of economic theories	
6. Preferences: Psychology and Cultural differences	Assumptions of the rational choice theory; reactions to these assumptions	
7. Bounded Rationality	What are the administrative implications of imperfect rationality?	Test 1
8. The Industry	How do different industries operate?	
9. Social Networks	Why is social network important for money-making?	
10. The State	Roles of government in money regulation and economic development	Assignment 2 due
11. Jobs and Income	Theories of Job Search and Income Differentials	
12. Informal and Ethnic Economies	How do informal and ethnic economies operate?	
13. Family	How is money spent at home?	Test 2
14. Philanthropy	How much do people spend on altruistic activities?	
15. Exam Week	Study	Final Project due

Reading List

RS = Richard Swedberg, 2003. *Principles of Economic Sociology*. Princeton, NJ: Princeton U Press.

GS = Granovetter and Swedberg (eds), 2001. *The Sociology of Economic Life*. Boulder, CO: Westview Press

SS = Neil Smelser and Richard Swedberg (eds), 2005. *The Handbook of Economic Sociology*. Princeton, NJ: Princeton University Press.

Optional readings are marked with “”.

Part I: Introduction

Week 1: What is money?

Bruce Carruthers, “The Sociology of Money and Credit,” in SS.

Viviana Zelizer, 1996. “Payments and Social Ties,” *Sociological Forum* 11: 481-495

*John Kenneth Galbraith, 1995. “Chapters 1-3” *Money: Whence It Came, Where It Went*, 2nd Edition, Boston, MA: Houghton-Mifflin.

Week 2: Basics of Economic Sociology

Chapter II, RS

Smelser and Swedberg, “The Sociological Perspective on the Economy,” in SS

Mark Granovetter, “Economic Action and Social Structure: The Problem of Embeddedness,” in GS.

Paul Hirsch, Stuart Michaels and Ray Friedman, 1987. “Dirty Hands vs. Clean Models: Is Sociology in Danger of Being Seduced by Economics?” *Theory and Society* 16: 317-336.

Stephen Dubner, 2003. “Calculating the Irrational in Economics,” *New York Times*, June 28, Section 2, p. 7.

*Arne Kalleberg, 1995. “Sociology and Economics: Crossing the Boundaries,” *Social Forces* 73: 1207-18.

Week 3: Firms

Chapter III and IV, RS

Pindyck and Rubinfeld, 2001. *Microeconomics*, 5th ed., Chapters 6 (“Production”) and 7 (“Costs of Production”)

Charles Perrow, 1986. “Economic Theories of Organization,” *Theory and Society* 15: 11-45.

Oliver Williamson, 1981. “The Economics of Organization: The Transaction Cost Approach,” *American Journal of Sociology* 87: 548-77.

Week 4: Consumption

Chapter X in RS

Pindyck and Rubinfeld, 2001. Ch3 (“Consumer Behavior”), pp.59-100 and Ch 5 (“Choice Under Uncertainty”), esp pp. 149-160.

Paul DiMaggio, 1990. “Cultural Aspects of Economic Action and Organization,” in Roger Friedland and A.F. Robertson (eds), *Beyond the Marketplace*, New York: Aldine de Gruyter.

Vivian Zelizer, “Culture and Consumption,” in SS.

Week 5: Market

Chapters V and VI in RS

Richard Swedberg, “Markets in Society,” in SS.

Karl Polanyi, “The Economy as Instituted Process,” in GS.

*Gary Becker, 1976. “The Economic Approach to Human Behavior,” in *The Economic Approach to Human Behavior*. Chicago: University of Chicago Press, pp.3-14.

*Albert Hirschman, 1982. “Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble” *Journal of Economic Literature* 20: 1463-1484.

Part II: Essential Topics

Week 6: Preferences: Psychology and Cultural differences

George Akerlof and Rachel Kranton, 2000. “Economics and Identity,” *Quarterly Journal of Economics* 115: 715-753.

Amos Tversky and Daniel Kahneman, 1981. “The Framing of Decisions and the Psychology of Choice,” *Science* 211: 453-8.

Amartya Sen, 1977. “Rational Fools: A Critique of the Behavioral Assumptions of Economic Theory,” *Philosophy and Public Affairs* 4: 318-44.

*Selections from Richard Daft, 2006. *Organization Theory and Design*. Cincinnati, OH: South-Western College Pub. 9th Edition.

Week 7: Bounded Rationality and the Garbage Can Model of Decision Making

James March, 1982. "Theories of Choice and Making Decisions," *Society* 20: 29-39.

M D Cohen, James March and J P Olsen, 1972. "A Garbage Can Model of Organizational Choice," *Administrative Science Quarterly* 17: 1-25.

John Padgett, 1980. "Managing Garbage Can Hierarchies," *Administrative Science Quarterly* 25: 583-604.

*J Conlisk, 1996. "Why Bounded Rationality?" *Journal of Economic Literature* 34: 669-700.

*Oliver Hart, 1989. "An Economist's Perspective on the Theory of the Firm," *Columbia Law Review* 89: 1757-75.

*Selections from Richard Daft, 2006. *Organization Theory and Design*. Cincinnati, OH: South-Western College Pub. 9th Edition.

Week 8: The Industry

Gerald Davis, "Firms and Environments," in SS

Chapter IV (93-97) and Ch V (113-115) in RS.

Arthur Stinchcombe, "Bureaucratic and Craft Administration of Production: A Comparative Study," in GS.

Paul Hirsch, "Processing Fads and Fashion: An Organization-Set Analysis of Cultural Industry Systems," in GS.

*Robert Freeland, 2000. "Creating Holdup through Vertical Integration: Fisher Body Revisited," *Journal of Law and Economics* 43: 33-66.

*Giovanni Dosi, Luigi Orsenigo and Mauro Sylos Labini, "Technology and the Economy," in SS.

Week 9: Social Networks and Money

Laurel Smith-Doerr and Walter Powell, "Networks and Economic Life," in SS.

Brian Uzzi, "Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness," in GS.

Susan Helper, John Paul MacDuffie and Charles Sabel, 2000. "Pragmatic Collaborations: Advancing Knowledge While Controlling Opportunism," *Industrial and Corporate Change* 9: 443-488.

Stewart Macaulay, "Non-Contractual Relations in Business: A Preliminary Study," in GS.

Week 10: Money and the State

Chapters VII and VIII in RS.

Fred Block and Peter Evans, "The State and the Economy," in SS.

Frank Dobbin, "Why the Economy Reflects the Polity: Earl Rail Policy in Britain, France, and the United States," in GS.

Gary Gereffi, "The Global Economy: Organization, Governance, and Development," in SS.

*Lauren Edelman and Robin Stryker, "A Sociological Approach to Law and the Economy," in SS.

Part III: Further Topics

Week 11: Jobs and Income

Paula England and Nancy Folbre, "Gender and Economic Sociology," in SS.

Mary Brinton, "Education and the Economy," in SS.

James Montgomery, 1992. "Job Search and Network Composition: Implications for the Strength-of-Weak Ties Hypothesis," *American Sociological Review* 57: 586-96.

Week 12: Informal and Ethnic Economies

Clifford Geertz, "The Bazaar Economy: Information and Search in Peasant Marketing," in GS.

Alejandro Portes and William Haller, "The Informal Economy," in SS.

Ivan Light, "The Ethnic Economy," in SS.

*Alejandro Portes and Julia Sensenbrenner, "Embeddedness and Immigration: Notes on the Social Determinants of Economic Action," in GS.

*AnnaLee Saxenian, "Inside-Out: Regional Networks and Industrial Adaptation in Silicon Valley and Route 128," in GS.

Week 13: Money and Family

Vivian Zelizer, 1989. "The Social Meaning of Money: 'Special Monies'," *American Journal of Sociology* 95: 342-377.

Jimmy Sanders, and Victor Nee, 1996. "Immigrant Self-Employment: The Family as Social Capital and the Value of Human Capital," *American Sociological Review*, 61: 231-249

Robert Frank, 1985. "Choosing the Right Pond," in *Choosing the Right Pond*. Oxford, Ch 3, pp. 35-57.

*Gary Becker, 1981. "Altruism in the Family," in *A Treatise on the Family* (Harvard), Chapter 3, pp. 35-57.

Week 14: Money and Philanthropy

Barry Schwartz, 1967, "The Social Psychology of the Gift," *American Journal of Sociology*, 73:1-11.

Marshall Sahlins, 1972. "On the Sociology of Primitive Exchange," in *Stone Age Economics*, Aldine: Chicago.

Joseph Galaskiewicz, 1985. Chapters 1 and 7 in *Social Organization of An Urban Grants Economy*, Orlando, FL: Academic Press.

* Richard Sundeen, Cristina Garcia and Lili Wang, 2007. *Volunteer Behavior among Asian American Groups in the United States*. *JAAS* 10: 243-281

Week 15: Final Exam

No reading.