

## UNIVERSITY OF MICHIGAN

Sociology 515  
Economic Sociology  
Mark S. Mizruchi  
Winter 2017

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Economic sociology is concerned with the social bases of economic behavior. Although the field contains a wide range of perspectives, economic sociologists generally share the view that economic action is social action and that economic institutions are socially constructed and culturally and historically specific. This class is the core course for the Economic Sociology and Organizations program in the Department of Sociology. The course will introduce students to the key issues in the field. Topics include classical and neoclassical economic models of human action and sociological alternatives, the history of the large corporation, transaction cost economics, the power, neo-institutional, and embeddedness models of firm behavior, sociological models of production, labor, and financial markets, the determinants and consequences of interfirm relations, and the role of economic institutions in the larger society.

Although this course may serve as partial preparation for the Economic Sociology and Organizations preliminary examination, no guarantee of comprehensiveness is assumed. The focus of the course is economic sociology, and not the sociology of organizations. Coverage of topics is not at the level of depth necessary for the exam. Moreover, because economic sociology is such a broad area, certain key topics are absent from the syllabus. Contemporary comparative work is given relatively little attention, as is coverage of historical (as opposed to contemporary) work on globalization. Still, the goal is to cover a broad range of topics to give the student a taste of the vibrancy of the area.

The course will be run as a seminar. This means that each session will be primarily a discussion rather than a lecture. I will begin each class with a brief lecture of normally between 45 and 60 minutes. After that, students, probably in groups of two, will make five to ten minute presentations in which they raise ideas for discussion. The remainder of the session will involve discussion. Students will choose their topics the first or second week of class and (if necessary) will meet with the instructor during the week prior to their presentation.

In addition to one's contribution to class discussion (including the presentation), the grade will be based on a term paper due one week after the last day of class (each will count for 50 percent of the final grade). The paper may be a critical literature review, a substantive discussion of a topic, an empirical research paper, or a research proposal (in

the form of a grant or fellowship proposal). Paper topics must be approved in consultation with the instructor. Students are also required to submit each week an approximately two page running commentary on the assigned readings (this assignment is waived in the weeks of the student's presentations, and students are entitled to take two additional "weeks off" of their choosing). All of the assignments will be described in more detail in class. A list of required readings is presented in the course outline below. All readings, with one exception, will appear as files on the class Canvas site. I have ordered one book, Mark Granovetter's *Getting A Job* (2<sup>nd</sup> edition), the purchase of which is strongly recommended. I have listed (in the course outline below) three other books as recommended but have not ordered them.

## **COURSE OUTLINE**

### **January 10: Introduction to the Course**

Readings: Richard Swedberg and Mark Granovetter, "Introduction to the Third Edition," pp. xiii-xli in Mark Granovetter and Richard Swedberg (eds.), *The Sociology of Economic Life*.

### **January 17: Are Markets Natural?**

Readings: Adam Smith, *The Wealth of Nations*, vol. 1, pp. 5-19; Karl Polanyi, *The Great Transformation*, pp. 43-67; Clifford Geertz, "The Bazaar Economy: Information and Search in Peasant Marketing," *American Economic Review*, papers and proceedings, 1978, pp. 28-32; Charles W. Smith, "Auctions: From Walras to the Real World," pp. 176-192 in Richard Swedberg (ed.), *Explorations in Economic Sociology*.

Recommended: Viviana A. Zelizer, "Human Values and the Market: The Case of Life Insurance and Death in Nineteenth Century America," *AJS*, 1978, pp. 591-610.

### **January 24: The Rise of the Large Corporation**

Readings: Alfred D. Chandler, Jr., *The Visible Hand*, pp. 1-12;<sup>1</sup> William G. Roy, *Socializing Capital*, pp. 21-40; Richard B. Du Boff and Edward

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<sup>1</sup> These twelve pages constitute the introduction to Chandler's classic book, *The Visible Hand* (1977), and provide a brief overview of his general argument. This introduction is by no means a full summary, however, and I strongly recommend that you read the book in its entirety. My only reason for not requiring more of it is that Chandler's narrative is so seamless that it is futile to assign specific chapters. I have decided not to require you to read the entire book within a week's time. At some point, however, all of you will want to give the book a thorough, cover-to-cover, reading.

S. Herman, "Alfred Chandler's New Business History: A Review," *Politics and Society*, 1980, pp. 87-110; Charles Perrow, *Organizing America*, pp. 217-228.

### **January 31: Transaction Cost Economics and Sociological Critiques, I**

Readings: R. H. Coase, "The Nature of the Firm," *Economica*, 1937, pp. 386-405; Oliver E. Williamson, "The Economics of Organization: The Transaction Cost Approach," *AJS*, 1981, pp. 548-577; Patrick McGuire, Mark Granovetter, and Michael Schwartz, "Thomas Edison and the Social Construction of the Early Electricity Industry in America," pp. 213-246 in Richard Swedberg (ed.), *Explorations in Economic Sociology*.

Recommended: Walter W. Powell, "Neither Market Nor Hierarchy: Network Forms of Organization," *Research in Organizational Behavior*, 1990, pp. 295-336; Inge Geyskens, Jan-Benedict E. M. Steenkamp, and Nirmalya Kumar, "Make, Buy, or Ally: A Transaction Cost Theory Meta-Analysis," *AMJ*, 2006, pp. 519-543.

### **February 7: Neo-Institutional Theory; Culture and the State**

Readings: Frank Dobbin, *Forging Industrial Policy*, pp. 1-27; Neil Fligstein, *The Transformation of Corporate Control*, pp. 1-32, 191-225; Gerald F. Davis, Kristina A. Diekmann, and Catherine H. Tinsley, "The Decline and Fall of the Conglomerate Firm in the 1980s: The Deinstitutionalization of an Organizational Form," *ASR*, 1994, pp. 547-570; Douglass C. North, "Institutions," *Journal of Economic Perspectives*, 1991, pp. 97-112.

Recommended: Avner Greif, "Institutions and International Trade: Lessons from the Commercial Revolution," *American Economic Review* 1992, pp. 128-133; Bruce G. Carruthers and Arthur L. Stinchcombe, "The Social Structure of Liquidity: Flexibility, Markets, and States," *Theory and Society*, 1999, pp. 353-382.

### **February 14: The Embeddedness Model**

Readings, Mark Granovetter, "Economic Action and Social Structure: The Problem of Embeddedness," *AJS*, 1985, pp. 481-510; Brian Uzzi, "The Sources and Consequences of Embeddedness for the Economic Performance of Organizations," *ASR*, 1996, pp. 674-698; Stewart Macaulay, "Non-Contractual Relations in Business," *ASR*, 1963, pp. 55-67; Greta R. Krippner, "The Elusive Market: Embeddedness and the

Paradigm of Economic Sociology,” *Theory and Society*, 2001, pp. 775-810.

Recommended: Greta Krippner, Mark Granovetter, et al., “Polanyi Symposium: A Conversation on Embeddedness,” *Socio-Economic Review*, 2004, pp. 109-135; Paul DiMaggio and Hugh Louch, “Socially Embedded Consumer Transactions: For What Kinds of Purchases Do People Most Often Use Networks?,” *ASR*, 1998, pp. 619-637.

### **February 21: The Market**

Readings: Eric Leifer and Harrison C. White, “A Structural Approach to Markets,” pp. 85-108 in Mark S. Mizruchi and Michael Schwartz (eds.), *Intercorporate Relations*; Neil Fligstein, “Markets as Politics: A Political-Cultural Approach to Market Institutions,” *ASR*, 1996, pp. 656-673; Joel M. Podolny, *Status Signals*, pp. 10-21; Wayne E. Baker, “The Social Structure of a National Securities Market,” *AJS*, 1984, pp. 775-811.

Recommended: Glenn R. Carroll, “Concentration and Specialization: Dynamics of Niche Width in Populations of Organizations,” *AJS*, 1985, pp. 1262-1283; Joel M. Podolny, “A Status-based Model of Market Competition,” *AJS*, 1993:829-872.

### **February 28: No class; winter break**

### **March 7: Labor Markets and Social Capital**

Readings: Mark Granovetter, *Getting A Job*, pp. 3-62 (I recommend the entire book); James S. Coleman, “Social Capital in the Creation of Human Capital,” *AJS*, 1988, pp. S95-S120; Ronald S. Burt, “The Gender of Social Capital,” *Rationality and Society*, 1998, pp. 5-46; Roberto M. Fernandez and Nancy Weinberg, “Sifting and Sorting: Personal Contacts and Hiring in a Retail Bank,” *ASR*, 1997, pp. 883-902.

Recommended: Mark S. Mizruchi and Linda Brewster Stearns, “Getting Deals Done: The Use of Social Networks in Bank Decision Making,” *ASR*, 2001, pp. 647-671; Ted Mouw, “Social Capital and Finding a Job: Do Contacts Matter?” *ASR*, 2003, pp. 868-898; Lauren A. Rivera, “Hiring as Cultural Matching: The Case of Elite Professional Service Firms,” *ASR*, 2012, pp. 999-1022.

### **March 14: Responding to the Market- Interlocks and Alliances**

Readings: Donald Palmer, Roger Friedland, and Jitendra Singh, "The Ties that Bind: Organizational and Class Bases of Stability in a Corporate Interlock Network," *ASR*, 1986, pp. 781-796; Mark S. Mizruchi, "What Do Interlocks Do? An Analysis, Critique, and Assessment of Research on Interlocking Directorates," *Annual Review of Sociology*, 1996, pp. 271-298; Walter W. Powell, Kenneth W. Koput, and Laurel Smith-Doerr, "Interorganizational Collaboration and the Locus of Innovation: Networks of Learning in Biotechnology," *ASQ*, 1996, pp. 116-145; Ranjay Gulati and Martin Gargiulo, "Where Do Organizational Networks Come From?" *AJS*, 1999, pp. 1439-1493; Christopher Marquis, "The Pressure of the Past: Network Imprinting in Intercorporate Communities," *ASQ*, 2003, pp. 655-689.

Recommended: Wayne E. Baker, "Market Networks and Corporate Behavior," *AJS*, 1990, pp. 589-625; James R. Lincoln, Michael L. Gerlach, and Peggy Takahashi, "Keiretsu Networks in the Japanese Economy: A Dyad Analysis of Intercorporate Ties," *ASR*, 1992, pp. 561-585; Edward J. Zajac and James D. Westphal, "Director Reputation, CEO-Board Power, and the Dynamics of Board Interlocks," *ASQ*, 1996, pp. 507-529.

### **March 21: Consequences of Interfirm Networks**

Readings: Mark S. Mizruchi, "Similarity of Political Behavior Among Large American Corporations," *AJS*, 1989, pp. 401-424; Gerald F. Davis, "Agents Without Principles? The Spread of the Poison Pill through the Intercorporate Network," *ASQ*, 1991, pp. 583-613; Donald Palmer, Brad M. Barber, Xueguang Zhou, and Yasemin Soysal, "The Friendly and Predatory Acquisition of Large U.S. Corporations in the 1960s: The Other Contested Terrain," *ASR*, 1995, pp. 469-499; Mark S. Mizruchi, Linda Brewster Stearns, and Christopher Marquis, "The Conditional Nature of Embeddedness: A Study of Borrowing by Large U.S. Firms, 1973-1994," *ASR*, 2006, pp. 310-333.

Recommended: Pamela R. Haunschild, "Interorganizational Imitation: The Impact of Interlocks on Corporate Acquisition Activity," *ASQ*, 1993, pp. 564-592; Lisa A. Keister, "Engineering Growth: Business Group Structure and Firm Performance in China's Transition Economy," *AJS*, 1998, pp. 404-440.

### **March 28: Corporate Control, Agency Theory, and the Transformation of Corporations**

Readings: Michael Useem, *Investor Capitalism*, pp. 1-37; Mark S. Mizruchi, "Berle and Means Revisited: The Governance and Power of

Large U.S. Corporations,” *Theory and Society*, 2004, pp. 579-617; Linda Brewster Stearns and Kenneth D. Allan, “Economic Behavior in Institutional Environments: The Corporate Merger Wave of the 1980s,” *ASR*, 1996, pp. 699-718; Edward J. Zajac and James D. Westphal, “The Social Construction of Market Value: Institutionalization and Learning Perspectives on Stock Market Reactions,” *ASR*, 2004, pp. 433-457.

Recommended: Ezra W. Zuckerman, “The Categorical Imperative: Securities Analysts and the Illegitimacy Discount,” *AJS*, 1998, pp. 1398-1438; Lynn A. Stout, “Bad and Not-So-Bad Arguments for Shareholder Primacy,” *Southern California Law Review*, 2002, pp. 1189-1209; Richard A. Benton, “Corporate Governance and Nested Authority: Cohesive Network Structure, Actor-Driven Mechanisms, and the Balance of Power in American Corporations,” *AJS*, 2016, pp. 661-713.

#### **April 4: Banking, Finance, and Financialization**

Readings: Mark S. Mizruchi, *The Fracturing of the American Corporate Elite*, Chapter 5; Gerald F. Davis and Mark S. Mizruchi, “The Money Center Cannot Hold: Commercial Banks in the U.S. System of Corporate Governance,” *ASQ*, 1999, pp. 215-239; Greta R. Krippner, “The Financialization of the American Economy,” *Socio-Economic Review*, 2005, pp. 173-208; Gerald F. Davis, “The Rise and Fall of Finance and the End of the Society of Organizations,” *Academy of Management Perspectives*, 2009, pp. 27-44.

Recommended: Mark S. Mizruchi and Linda Brewster Stearns, “A Longitudinal Study of Borrowing by Large American Corporations,” *ASQ*, 1994, pp. 118-140; Donald MacKenzie and Yuval Millo, “Constructing a Market, Performing a Theory: The Historical Sociology of a Financial Derivatives Exchange,” *AJS*, 2003, pp. 107-145; Gerald F. Davis, *Managed by the Markets*; Greta R. Krippner, *Capitalizing on Crisis*.

#### **April 11: Globalization**

Readings: Mauro F. Guillen, “Is Globalization Civilizing, Destructive, or Feeble? A Critique of Five Key Debates in the Social Science Literature,” *Annual Review of Sociology*, 2001, pp. 35-60; Neil Fligstein, *The Architecture of Markets*, pp. 191-222; Joseph E. Stiglitz, “What I Learned at the World Economic Crisis,” *The New Republic*, April 17, 2000; Robert Hunter Wade, “Is Globalization Reducing Poverty and Inequality?” *World Development*, 2004, pp. 567-589.

Recommended: Dani Rodrik, “How Far Will International Economic Integration Go?,” *Journal of Economic Perspectives*, 2000, pp. 177-186;

Rodrik, "Straight Talk on Trade," *Project Syndicate*, Nov. 15, 2016;  
 Michael Dreiling and Derek Darves, "Corporate Unity in American Trade  
 Policy: A Network Analysis of Corporate-Dyad Political Action," *AJS*,  
 2011, pp. 1514-1563.

### **April 18: Politics and the Economy**

Readings: Jacob S. Hacker and Paul Pierson, "Winner-Take-All Politics:  
 Public Policy, Political Organization, and the Precipitous Rise of Top  
 Incomes in the United States," *Politics and Society*, 2010, pp. 152-204;  
 Mark S. Mizruchi and Mikell Hyman, "Elite Fragmentation and the  
 Decline of the United States," *Political Power and Social Theory*, 2014,  
 pp. 147-194; Wolfgang Streeck, "How Will Capitalism End?," *New Left  
 Review*, 2014, pp. 35-64.

Recommended: Mark S. Mizruchi, *The Fracturing of the American  
 Corporate Elite*; Val Burris, "Interlocking Directorates and Political  
 Cohesion among Corporate Elites," *AJS*, 2005, pp. 249-283; David Stark  
 and Balazs Vedres, "Political Holes in the Economy: The Business  
 Network of Partisan Firms in Hungary," *ASR*, 2012, pp. 700-722; Johan  
 S. G. Chu and Gerald F. Davis, "Who Killed the Inner Circle? The Decline  
 of the American Corporate Interlock Network," *AJS*, 2016, pp. 714-754