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"The Toolkit of Economic Sociology"

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Economic sociology is a term that was rarely heard a decade ago but which has become quite popular again.[1] Today sociology departments get ranked according to their prominence in this field, and a respectable number of articles and books that label themselves "economic sociology" appear every year. While the standard definition of economic sociology – *the application of the sociological perspective to economic phenomena* – shows that economic sociologists are primarily interested in analyzing the economy and its main institutions, a quick look at some representative studies show that these often include a political dimension in the analysis. This goes for the classics – Marx, Weber, Schumpeter – as well as for recent studies in economic sociology (e.g. Fligstein 1990, Evans 1995, Beckert 2004).

To analyze what happens at the interface between politics and economics is clearly not the exclusive task of economic sociology; it also is something that e.g. political economy does. An important difference, however, is that political economy currently draws on a type of analysis that is deeply influenced by analytical economics. Political economy, in contrast to contemporary economic sociology, makes use of a variety of economic ideas, such as constitutional economics, game theory and so on. One may even define the field of political economy as the logic of economics applied to political phenomena.

In this brief paper I will argue that economic sociology would do well to follow the example of political economy in this respect and pay more attention to analytical economics and its ideas. Contemporary economic sociology, I argue, focuses far too much on social relations and views the impact of these as the explanation to most of what happens in the economy. What is wrong with this approach is that it disregards the importance of *interests* or the forces that drive human behavior, not least in the economy. What needs to be done – and this will be the red thread throughout this paper – is to

[1] For helpful comments I thank the editors of *The Handbook of Political Economy* and Victor Nee.

combine social relations and interests in one and the same analysis. If we do this, I argue, we may be able to unite some of the basic insights from economics, with some of the basic insights from sociology (e.g. Swedberg 2003).

As opposed to modern economics, economic sociology does not have a core of basic concepts and ideas, welded together over a long period of time. Instead economic sociology, mirroring sociology itself, consists of a number of competing perspectives, some more coherent than others. Many economic sociologists, for example, draw on social constructivist perspective, others on a Weberian perspective; some follow Mark Granovetter in emphasizing embeddedness, others Pierre Bourdieu in approaching the analysis of the economy with the concepts of field, habitus and different types of capital. The reader who is interested in an introduction to these different perspectives is referred to *The Handbook of Economc Sociology* (Smelser and Swedberg 1994; second edition forthcoming in 2005). In what follows I shall first discuss two of the most important concepts in modern economic sociology – *embeddedness* (including networks) and *field.* I will then proceed to a discussion of two concepts that I argue should be at the center of contemporary economic sociology: *a sociological concept of interest* and *an interest-based concept of institutions.*

 # 1 Embeddedness (including networks)

The most famous concept in today's economic sociology is by far that of *embeddedness*. While the term itself can be found in the work of Karl Polanyi, it was rarely used by him and had to wait till the 1980s and Mark Granovetter to be thrust into prominence. While the centrality of embeddedness to what has become known as "new economic sociology" (mid-1980s-) is beyond doubt, its analytical status is, on the other hand, contested. While some see it as a useful tool with which to show what is distinctive about the sociological approach to the economy, a number of economic sociologists also question its usefulness.

One reason why the concept of embeddedness is so controversial may well be its many meanings, which range all the way from simply being a slogan that proclaims the superiority of the sociological approach over the economic approach, to a more analytical vision, as in Granovetter's work (Granovetter 1985; cf. Granovetter 1992, 1995). Polanyi, who invented the term, used embeddedness as part of his attack on liberalism and market-oriented approaches more generally. The first half of his argument is well known: in pre-capitalist society the economy is integrated into (or embedded in) the rest of society, especially in its political and religious institutions; but with the advent of capitalism the economy was separated out and has come to dominate the rest of society. The second half of Polanyi's argument is less known, but follows logically from its first half: for society to become healthy again, the economy has to be re-embedded or integrated into society. Political and other collective institutions have to acquire precedence over the market.

Through a much cited article in the mid-1980s Granovetter introduced a different and analytically more useful concept of embeddedness (Granovetter 1985). He first of all challenged the political dimension of Polanyi's ideas by arguing that a pre-capitalist economies was just as embedded as a capitalist economy is, in the sense that both are *social* or embedded in the social structure. Secondly, he brought analytical sharpness to the concept of embeddedness by insisting that all economic actions are embedded in *networks of social relations*. There is no embeddedness of the economy in general; all economic actions take an interpersonal expression; and thanks to network theory, this expression can be traced with precision.

One may finally also speak of a third way in which the term embeddedness is used. This may well be the most popular (and least interesting) meaning, since embeddedness here is simply synonymous with "social". The general hostility that sociologists feel towards economic analysis may well be at the roots of this usage. Whatever the reason, the analytical content of this meaning is close to zero.

Critics of the embeddeness approach in its strongest version (that is, in the version that Granovetter represents) have pointed out that it ignores the political and cultural dimensions of society; that it is unable to handle economic phenomena at the macro level; and that the term "embeddedness" is inadequate and confusing as a metaphor (e.g. Zukin and DiMaggio 1990, Nee and Ingram 1998, Krippner 2001). To this should be added that the embeddedness perspective does not single out and theorize the role of interest, and thereby runs the risk of attaching much to importance to the role of social relations in economic life.

What nonetheless makes the concept of embeddedness quite useful, many economic sociologists argue, is its close links to network theory. This type of method, which has become popular in current economic sociology, provides the analyst with a metric to analyze social interactions, including economic ones (for a technical introduction, see e.g. Wasserman and Faust 1994). Through its reliance on a method with a strikingly visual dimension, network theory also provides the researcher with a tool that can quickly communicate complex social relations.

A special mention should also be made of a European version of networks theory, so-called actor-network-theory (ANT), which is considerably less technical than conventional networks theory of the type that is popular in the United States (e.g. Callon 1989, Law and Hassard 1999). The basic idea here is that not only individuals and firms can be actors but also objects. What is meant with this paradoxical statement is that the analysis must not exclusively focus on social relations but also include objects; and the rationale for this is that objects can be part of social interactions or steer social interaction in some special direction. As examples one can mention the way that, say, surveillance technology enables supervisors to track employees or how an assembly line presupposes that the workers coordinate their actions in a certain way.

Studies by economic sociologists that draw on conventional networks theory cover a host of different topics. One of these has to do with interlocks or the links between corporations that are created when directors are members of more than one boards. While big hopes were initially attached to this type of study, it has by now been realized that interlocks do not automatically translate into control or cooptation, but rather constitute potentially important conduits of communication between corporations – which in some cases may mean control or cooptation (Mizruchi 1996, forthcoming).

Firms can also be connected in the form of business groups – a topic that has been pioneered by economic sociologists and by Granovetter in particular (1994, forthcoming). Business groups can be defined as “sets of legally separate firms bound together in persistent formal and/or informal ways” (Granovetter forthcoming:1). They are located somewhere on a spectrum between firms that are bound together by short-term strategic alliances and firms that are legally to be considered a single entity. Business groups play a major role in many economies around the world, such as India, Japan, China and Taiwan. Their absence in the United States Granovetter ascribes to anti-trust legislation.

Networks theory is not only a handy tool for analyzing corporate actors and their interactions but also individuals. Ronald Burt, for example, has suggested that the entrepreneur can be conceptualized as a person who connects two groups of people (say, sellers and buyers), who otherwise would be disconnected (Burt 1993). In his capacity as a middleman, the entrepreneur straddles a so-called “structural hole”, in Burt’s terminology. Economic sociologists have also shown that consumers not only use their personal networks to gather information about buyers and sellers, but also select buyers and sellers from their personal networks in certain situations (DiMaggio and Louch 1998). Consumers use their friends and acquaintances in particular when it comes to acquiring second-hand cars and real estates where no realtor is involved.

That the concept of embeddedness can be used to analyze what happens at the interface of the economy and politics is clear from what has already been said. Polanyi himself, for example, developed the concept of embeddedness precisely to give voice to his discontent with the way that the economic sphere and the political sphere are separated from each other in capitalist society. Granovetter’s concept of embeddedness is, however, considerably more useful than Polanyi’s ideas on this score and also less normative. The reason for their usefulness has much to do with the close link between embedddedness and networks analysis in Granovetter’s work. This can be illustrated by a study of one of Granovetter’s students of the role that PACs play in U.S. political life (Mizruchi 1992). There also exists an interesting study of the skill with which the Medici family activated and deactivated various networks in order to consolidate their political and economic power in renaissance Florence (Padgett and Ansell 1993).

 # 2. The Field

After embeddedness, the concept of *field* may well be the one that is most important concept in contemporary economic sociology. This term denotes a distinct area of social space, in which all the relevant actors are influenced by the overall structure. This definition is admittedly somewhat vague, and just as embeddedness, the concept of field has its critics.

There currently exist two versions of the concept of the field: one that has emerged in the sociology of organizations in the United States, and another that has Pierre Bourdieu as its author. While the they overlap to some extent, these two versions are also different on important points. Sociologists of organization basically use the concept of field in the sense of an *organizational field* – that is, to analyze phenomena in social life that can be conceptualized as a number of similar and related organizations. A field, from this perspective, typically denotes a number of organizations that belong together, either by virtue of directly interacting with one another or because they take each other into account in some other way. To cite a standard text in organizational sociology: "by *organizational field* we mean those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (DiMaggio and Powell 1991:64-5). Examples of fields include industries, professions and nations.

For Bourdieu, in contrast, a field is not so much a middle-range concept as an integral part of his general theory of society. The field, in all brevity, constitutes together with the concepts of *habitus* and different types of capital (social capital, symbolic capital, and so on) the basic building stones of Bourdieu's theory of society. There exist a huge variety of fields in society, according to Bourdieu, such as the fields of art, photography, literature, the economy, an industry, a firm, and so on (e.g. Bourdieu and Wacquant 1992:94-115).

The main function of the concept of field, Bourdieu argues, is to represent *the structure* of some part of society. This structure is primarily important in that it assigns a specific place to each actor; it also exerts pressure on the actor to remain in his or her position. Each field is centered around a specific interest; and the actors in a field all basically pursue the same interest – be it prestige in the field of art, market share in an industry or personal power in a firm.

One advantage with the concept of field, according to its advocates, is that it is not restricted to what happens in direct interactions. If you rely primarily on networks and the concept of embeddeness, you are restricted to actual interactions, and thereby miss the impact of the structure of the field (e.g. Bourdieu 2000:242). But it is also well understood in sociology that it is hard to trace the exact impact of a field, and that the social mechanisms that translate the power of the overall structure into pressure on the actor are often unknown. Even the advocates of "field theory" agree that this is the case, though they emphasize that the positive outweighs the negative (e.g. Martin 2003).

Can the concept of the field be of help in addressing issues at the interface of the economy and politics? Its advocates in economic sociology say "yes". While they acknowledge that politics constitutes its own distinct field in modern society, just as the economy does, they also note that the political field impinges on the economic field in important ways. As an example of this, one may mention Bourdieu's argument that the French state has deeply influenced the country's construction industry by introducing various loans for private home ownership (Bourdieu 2001).

While Bourdieu may be correct that the concept of field is of help in establishing the important influence that the French state has had on the private building section, it is not difficult to think of other theoretical approaches that can accomplish the same. It is, on the other hand, considerably more difficult to duplicate the results that Neil Fligstein gets when he uses the concept of field in *The Transformation of Corporate Control* (1990). Fligstein's study is centered around an analysis of the one thousand largest corporations in the United States from 1880 to the 1980s; and he basically attempts to show how their strategies for making a profit has shifted over the years according to a specific pattern.

To some extent Fligstein uses the concept of field in a way that is reminiscent of Bourdieu. He similarly argues, for example, that most of the firms in a field looks to the most powerful firms as their reference group. But Fligstein also adds a dimension of his own to the concept of field, namely that each field is structured in accordance with the worldview of the leading firms – what Fligstein terms their "conception of control". This worldview lays out what a successful strategy for making a profit should look like and also how competition can be controlled.

According to Fligstein, there have been four periods with different conceptions of control during the last century in the United States; and these are: "direct control of competition" (1880-1900), "manufacturing control" (1900-1925), "sales and marketing control" (1925-1955) and "finance control" (1955-1980s). During the first period, profit was made and markets were held stable through direct control of one's competitors, e.g. with the help of trusts. During the second period, the emphasis was instead on controlling the price through power over the whole production process. During the third period, the way to exert control shifted to market share; and from the mid-1950s and onwards, the firm has increasingly been seen as a money-making machine. Today "the shareholder value conception of control" is dominant (e.g. Fligstein and Shin 2004). According to this conception of control, the firm is primarily seen as a way of making profit for the shareholder.

What is interesting about Fligstein's type of analysis for a discussion of the interface of the polity and the economy is that the U.S. state, including the legal system, has often played a key role in changing the conception of control. Direct control of competition, for example, was stopped by the Sherman Antitrust Act (1890) and the Clayton Act (1914); while it was the Depression that put an end to the attempt to control competition and profits via the price. Sales and marketing control was ended by the Celler-Kefauver Act (1950), in combination with some other factors; and the finance conception of control has been laid the foundation for the current shareholder value conception of control through the termination of the Glass-Seagall Act (1933) and more generally through the deregulation efforts by the Reagan administration and onwards.

 # 3: A Sociological Concept of Interest

While the concepts of embeddedness and field are central to contemporary economic sociology, this is not the case with the concept of interest. Sociologists typically ignore this concept and happily leave it to the economists. I take a very different stand on this issue and argue that in order to advance economic sociology as well as set it on a sound foundation, you need to introduce the concept of interests into the sociological analysis.

The first task in an economic-sociological analysis should be to figure out which *interests* are involved and how the actors attempt to realize their interests, typically with the help of social relations. To do this, I argue, you need *a sociological concept of interest*, and such a concept is somewhat different from the concept of interest that is used in mainstream economics. The motivation for starting out with interests is nevertheless the same: you first of all need to establish the basic motives of the actor or the basic forces that drive the actor.

The emphasis in the type of economic sociology that I advocate should not be on rational choice as *consistency* (to speak with Amartya Sen), but on rational choice as *interest realization* (Sen 1986). What is of primary importance is the existence of an interest and that the actor attempts to realize this interest - not that the actor knows how to realize his or her interest or that the actor does so in a rational way. Sen's formal terms for the former type of analysis is "the interest *consistency approach*", and for the latter "the *interest-correspondence approach*". Another reason why the interest-consistency approach may be less suitable for economic sociology is that the actor's perception of his or her interest is in principle an empirical question. While an actor can be in a position to order his or her preferences in a consistent order in certain situations, this may *not* be the case in others.

While economics and sociology share the insight that interests are essential to the analysis of society, they nonetheless differ on a few points. For one thing, economics tends to take only one type of interests into account, and that is economic interests (or, alternatively, cast non-economic interests directly in the mould of how they treat economic interests). Economics also has a tradition of operating with a non-sociological concept of interest (which it is currently trying to overcome). Both points need some explication.

While economists tend to cast all interests in the same mould – namely, that of economic interest - and to follow the interest-consistency approach, economic sociologists who favor an interest-based type of analysis proceed in another way. Different types of interests, they argue, cannot be analyzed using the same metric. The sociologist has to proceed empirically and in particular investigate how the actors perceive their different interests. A religious interest, for example, can be considerably stronger than an economic interest in certain situations – and so can a political or an erotic interest. The nature of the interest must not to be assumed before the analysis, but should be determined through research. While interests are sometimes based in human nature, they are only acknowledged and negotiated in society - in their social form - and it is this social form that must be established empirically.

Interests can only be realized through social relations. While the role of social relations in explaining economic phenomena is explicitly denied in early neoclassical economics, and while it is increasingly acknowledged in today's mainstream economics, it has been at the core of economic sociology from the very beginning. Many difficult problems no doubt arise for sociologists by taking this position, and one way to approach these would be to make the assumption that interests drive actions, while social relations give them their direction. Or to paraphrase Weber's well-known formulation:

> Not social relations, but material and ideal interests, directly govern men's conduct. Yet very frequently the social structures that have been created by social relations have, like switchmen, determined the tracks along which action has been pushed by the dynamic of interest. (cf. Weber 1946:280)

One example that can illustrate how the perspective of a sociological concept of interest may be of help in analyzing problems at the intersection of politics and the economy, can be found in Weber's theory of *political capitalism* (see in particular Weber's studies of Antiquity in e.g. Weber 1976; cf. Love 1991). In various writings Weber contrasts what he terms rational capitalism to other forms of capitalism, especially traditional capitalism and political capitalism. In traditional capitalism, economic interests can only be realized through accepted and long-standing forms of interaction (such as traditional work forms, non-dynamic competition, slow-moving markets, and so on). In rational capitalism, economic interests are primarily realized through impersonal markets, with the state in the background, guaranteeing the rules of the market). In political capitalism, in contrast, profit is made through contacts in the state or under the direct umbrella of the state's intervention in another country, as in classical imperialism. The result is a form of capitalism that is prone to corruption and closely bound to the fortunes of the political power.

In terms of the social definition of interest, it is also clear that what is seen as an economic interest and as a political interest will be quite different in political capitalism and in rational capitalism. While in the latter, political interests and economic interests tend to oppose each other and be located in different institutions (the state and the firms), this is much less the case in political capitalism – even if it is not a question of their total merger, as in socialism.

 # 4: An Interest-Based Concept of Institutions

The concept of institution is absolutely indispensable to economic sociology. Even though this concept is obviously not unique to economic sociology, it is well worth discussing in this chapter since it is increasingly being realized in the different social sciences that institutions are playing a key role in society, including the economy. There is also the fact that a new approach to the concept of institutions is currently being developed in economic sociology – what may be termed *an interest-based concept of institutions*.

Sociologists have emphasized the role of institutions ever since the birth of sociology; and the relevant sociological literature on this concept is consequently enormous. Instead of providing an overview (see e.g. Powell and DiMaggio 1991, Stinchcombe 1997), I shall only make the following summary observation. While early sociologists tended to restrict the concept of institution to central aspects of society (such as politics, the economy and the family), recent sociology tends to use it in a much broader sense. According to the view of so-called new institutionalism in sociology, pretty much anything constitutes an institution, including a dance and a handshake (e.g. Jepperson 1991). Another key feature in this approach is the emphasis on the role of culture, sense-making and the diffusion of distinct models of behavior. New institutionalism downplays the concept of interest and instead focuses on those aspects of institutions that are not related to interests (e.g. DiMaggio 1988). It is argued, for example, that firms are not run in a rational manner; firms just want to appear rational since rationality is an important value in contemporary Western culture (e.g. Meyer and Rowan 1977; cf. Powell and DiMaggio 1991).

The new institutionalist view, as I see it, takes the analytical edge out of the concept of institution, and is therefore of limited help to economic sociology. For the concept of institutions to be useful, I argue, it should be restricted to areas of society where interests come into play in an important and direct manner – such as politics, the economy and the family. The strength of institutions comes precisely from the fact that they channel interests or, to put it differently, that they present dominant models for how interests can be realized. These models are also typically seen as legitimate or they would not be stable.

From this perspective institutions are typically enforced by law because of their centrality to society. They may be consciously designed – say through a constitution – but usually develop in a gradual and largely unintended manner, along the lines first suggested by Menger and Hayek (e.g. Menger 1892, Hayek 1982). Since institutions regulate areas of society that are of great importance to the individuals, they are often contested. Rather than directly reflect interests, they may reflect the outcome of struggles over interests.

Together with my colleague Victor Nee, I suggest the following definition of an institution:

> *An institution may be conceptualized as a dominant system of interrelated informal and formal elements—customs, shared beliefs, norms, and rules—which actors orient their actions to, when they pursue their interests*.[2]

In this view, institutions are dominant social structures that provide a conduit for social and collective action by facilitating and structuring the interests of actors. It follows from this interest-related definition of institutions that institutional change involves not simply remaking the formal rules in the various centers of society, but the realignment of interests, norms and power. Institutions that are seen as legitimate are, to repeat, stronger than institutions that are directly based on say force or interest.

The concept of institutions that is advocated here is especially close to that of Douglass North, and Victor Nee and I advocate that economic sociology adopt what we term an institutionalist perspective in its analysis (e.g. North 1990). North's distinction between institutions as rules, on the one hand, and organizations as players, on the other, is especially useful to our mind; we also agree with North that institutions are related to incentive structures.

But we are also of the opinion that one may proceed further than North on a few crucial points. One of these is, to repeat, that the concept of interest should be at the very center of what we mean by institution; another is that the current literature on institutions

[2] Victor Nee and I are currently developing an interest related approach to comparative institutional analysis at the Center for the Study of Economy and Society at Cornell University (see www.economyandsociety.org).

makes a much too sharp distinction between actor and structure – to the detriment of the understanding of institutions. I shall briefly elaborate on both of these points.

Interests represent the basic forces that drive the individual, and must for this reason also be at the very center of the concept of institution. One way of prioritizing interests in this context is to conceptualize institutions as dominant models for how interests should be realized. The individual who wants to realize her interests will, following this approach, typically orient his or her actions to the relevant institution; meaning by this that if he or she wants to realize her interests he or she will have to follow the general rules or prescriptions for how to behave. The individual may also chose *not* to follow the institutional model, in which case sanctions will typically occur. By emphasizing the independence of the actor (through the notion of “orienting oneself to rules”, rather than simply “following rules”), we proceed in the spirit of methodological individualism.

When one presents the concept of institution as a dominant model for how to realize interests, it is important not to emphasize the element of model to the point that the individual disappears. The reason for this is that society does not consist of models or rules but of ongoing activities, and similarly there are no institutions per se per se but only *institutions in action*. This means that ongoing institutions are invested with the power that comes from a number of individuals acting out their patterns of behavior in an effort to realize certain interests, and it is precisely *this* that gives institutions their enormous force and importance in society. If institutions are resist change, it is not only because models of behavior are hard to change because of inertia (an important topic in its own right), but because they are invested with the force that comes from interests-in-action.

Can this interest-based concept of institution add to the understanding of what goes on at the intersection of politics and economics? The answer is in principle ‘yes’, even though it should be emphasized that this concept is currently under construction and has not yet been applied to concrete cases in a stringent manner. Nonetheless, it would seem clear that introducing interests into the sociological analysis of the interaction between politics and economics will first of all augment its realism, primarily by emphasizing the strength of the interests involved and the related difficulty in changing ongoing institutions. It is also clear that once you underline the importance of interests, it becomes even more puzzling how it became possible, at one juncture in modern history, to prevent the political ruler from confiscating economic resources at will, and set the stage for the modern market economy (e.g. North and Weingast 1989).

Concluding Remarks: On the Continuing Role of the Classics in Economic Sociology

In the main text of this chapter I have focused on what I consider to be the two most important concepts in contemporary economic sociology (embeddedness, field). I have also discussed two new concepts in economic sociology that I consider crucial for this field to move ahead (the sociological concept of interest, the interest-based concept of institutions). As emphasized in the introduction, there also exist several other important concepts that are part of economic sociology, and something needs to be said about these. This is particularly the case with some of the concepts that are associated with the early figures in this field. The main reason for drawing the reader's attention to these is that they have proven their usefulness.

One of these classical concepts is Max Weber's concept of economic-social action, which is introduced and discussed in Weber's main theoretical text on economic sociology, which is to be found in *Economy and Society*. This text is a book-long chapter entitled "Sociological Categories of Economic Action", which is still unsurpassed in the literature on economic sociology for its theoretical sophistication as well as comprehensiveness (Weber 1978:63-211; cf. Swedberg 1998 for an introduction to these ideas). What Weber wanted to accomplish with the concept of economic-social action was to construct a sociological equivalent to the concept of economic action in standard economic analysis. In Weber's days, it should be noted, mainstream economics of the analytical type did not theorize the social dimension of economic action, and Weber's concept of economic-social action should be judged from this perspective.

In constructing the social dimension of economic action, Weber drew to some extent on the insights of the institutionalists, but he was also careful to take the analytical economics into account. He essentially defined economic-social action as a type of action which (1) has utility as its goal and (2) is also oriented to other actors (Weber 1978:4, 63). What makes this type of economic action "social", Weber explicates, is the fact that economic action is *oriented to other actors*. Similar to what game theory several decades later would suggest, an economic relationship can be conceptualized, according to Weber, as a situation in which two economic actors orient their actions to one another.

That Weber's concept of economic-social action can be applied to the intersection of economics and politics is clear from the fact that a social action can be oriented to several different actors simultaneously. In a complex market deal, for example, the two parties may not only orient their behavior to one another but also to the legal order, as represented by their lawyers. Weber was also the first to insist that what rational capitalism first and foremost needs from the legal system is predictable action; arbitrary action by a ruler is incompatible with large and long-term investments.

A second set of classical concepts that are frequently used in today's economic sociology are *reciprocity-redistribution-exchange*, as introduced by Polanyi (Polanyi et al 1971). These three ways of organizing the economy, it has increasingly been realized, are especially handy in analyzing different economic systems. There is also the fact that each concrete economy is typically a mixture of these three types. The modern capitalist economy, for example, is centered around the corporate sector, but also has a state-dominated sector and a household economy. Of Polanyi's three categories, redistribution is clearly the one that is the most useful when it comes to analyzing the role of the state in the economy.

All in all, I think that it is fair to say that economic sociology, while lacking a cohesive theoretical core of the type that mainstream economics has, nonetheless has at its disposal a number of concepts that are helpful in untangling the impact that social relations and social structures may have on the economy. These concepts can also be used to approach the interactions between the political sphere and the economic sphere in modern society. What is primarily needed to advance economic sociology beyond its current state, I have also argued, is to make room for the concept of interest, to make it easier to get at the forces that drive the economic actions of individual actors.

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