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review of 'Economy/Society: Markets, Meanings and Social Structures' by Bruce Carruthers and Sarah Babb (2000)

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Review of

Bruce G. Carruthers and Sarah L. Babb, *Economy / Sociology: Markets, Meanings, and Social Structures*, Thousands Oaks, CA: Pine Forge Press 2000, 254 pp.

Azarian, Reza, 2000, *Economic Sociology: European Electronic Newsletter* 1: 2: 22-23

For the first time a textbook in new economic sociology has appeared in English, marking yet another step in the establishment of this research field as a distinct academic discipline. The book proceeds – as the author themselves put it – “from the micro to the macro” issues, focusing on economic topics with a gradual increase in the scale. It starts with the symbolic meaning of commodities in the eyes of individual consumers in Chapter 2, and goes on treating national economic development in Chapter 6, and globalisation in Chapter 7. The red thread that keeps together such diverse issues is, however, the market, i.e. its organisation, its functioning and its outcomes considered at various levels.

The first chapter, ‘The Embeddedness of Markets,’ introduces the main message of the book, namely the fundamental notion that markets are neither natural nor inevitable phenomena but rather “social constructions”. To demonstrate this, the authors first maintain that four particular preconditions are needed for markets to exist (property rights, buyers and sellers, money, and information). Then they argue that these conditions cannot be met by markets themselves and must be provided from the outside. In particular, they emphasise the role played by governments and the impact of informal social relations, but also the significance of social institutions and culture.

The second chapter, ‘Marketing and the Meaning of Things’, focuses primarily on symbolic aspects of commodities and subjective experience of consumption. It deals, for instance, with how people attach symbolic meanings to the commodities they consume, and how certain messages concerning social status, lifestyle and self-image are mediated through consumption. The chapter also addresses the question how such meanings are culturally determined or can be shaped through marketing and advertising aimed at creating market demands.

The next chapter, ‘Networks in the Economy’, presents the insights produced by the most vital current within New Economic Sociology, namely network analysis. It discusses the bearing of social networks on the functioning of markets across levels and spheres. More specifically, what is discussed is the importance of both personal and inter-organisational networks for mobilising and transferring crucial economic resources. Individuals often use their personal relations to find jobs or acquire credit, while organisations benefit from various networks shaped through interlocking directors, joint-venture agreements, equity ties, research and development partnerships, etc.

In chapter 4, ‘Organisations and Economy’, the authors take a historical view and discuss the rise of large corporations dominating much of the leading sectors of modern economy. Reviewing the literature on the topic, they provide the reader with a summary of the discussion about the causes and implications of this development, with the emphasis on its impacts on the working of market mechanism and competition. Also the internal structure of large firms are considered, with special attention paid to authority relations and the formation of internal labour markets.

Chapter 5, ‘Economic Inequality’, is one in which the authors argue how markets generate and maintain economic inequality and how the unleashed market forces of our days are creating more inequality than before. Carruthers and Babb also challenge the prime justification of such inequalities in economic theory, namely the idea that economic inequalities generated by market lead to the most efficient economic outcomes. Discussing primarily the American economy, the authors also focus on the discrimination against women and ethnic

minorities in labour markets, arguing that until recently such discriminations have enjoyed lawful support and that they, despite legal abolishment, still persist in various forms.

Chapters 6, 'Economic Development', takes issue with the free market model of development. After a brief discussion of the notions of development and under-development, the chapter offers an account of how underdeveloped countries have, during the second half of the twentieth century, been experimenting with development models of various types, all ascribing state intervention a rather central role. In the face of the recent revival of free market models, the authors also discuss the need for a new sociology of development and suggest some of the main features of such an approach, including the variety of ways in which capitalism can be institutionalised.

In chapter 7, 'Globalisation', it is argued that though the world-wide interconnectedness of societies in itself is not new, the recent economic globalisation is due to the technological and organisational innovations. These innovations, which are brought about by capitalism, have resulted in an enormous increase in mobility of goods, people and capital. The authors then consider the impact of this development on the embeddedness of markets and argue that, though the ultimate outcome is yet to be seen, some features can nonetheless be observed. The forces of globalisation have contributed to the emergence of a global culture and to the formation of new forms of economic organisation. But they have also undermined the power of national states by providing the institutional frameworks in which these markets have been embedded. This point is followed in the final chapter of the book, Conclusion, which mostly expresses the authors' concern with the threat that economic globalisation poses to the diversity of forms of market embeddedness in national settings, and which ends with the following remark: "One of the biggest challenges today is to keep forces of economic globalisation from destroying those forms of market embeddedness that are most compatible with human welfare".

As a textbook written for undergraduate American students, *Economy/Society* offers an easily accessible and transparent introduction to economic sociology. It also provides an opportunity for its target group to stay immune to the misconception that economics is the way to understand phenomena of economic life. The book makes the reader curious and this is a valuable quality for an introductory textbook. It is also rich in examples familiar to the average student and draws on recent results from several research traditions such as new economic sociology, organisational theory, new political economy, feminist studies and sociology of consumption, though this freshness is won at the expense of the heritage of economic sociology in classical works. But above all, there is a strong emphasis in the book on the contextuality of market relations and the variety of the developmental paths. On the whole, *Economy/Society* by Carruthers and Babb meets an important need and is most welcome.

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