

Knorr, Karin; Answers, Cetina

Article

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**TEN THINGS YOU ALWAYS WANTED
TO KNOW ABOUT ECONOMIC SOCIOLOGY
KARIN KNORR CETINA ANSWERS**

Karin Knorr Cetina received her PhD in cultural anthropology in 1971 at the University of Vienna. She is a professor of Sociology at the University of Konstanz, and a professor of Anthropology and Sociology at the University of Chicago. Since the 1980s, Knorr Cetina has been a leading scholar in the sociology of science. Since the late 1990s, she has also been studying financial markets extensively. Her two most recent books are Epistemic Cultures (Harvard University Press, 1999) and The Sociology of Financial Markets (edited volume, together with Alex Preda; Oxford University Press, 2004).

1. How did you get involved in economic sociology?

I have been interested in financial markets for a longer time, at least since 1992 when I was in Princeton and avidly read the *New York Times* (the real reason why I like to go the States!). I noticed that financial events (trades, takeovers, mergers, etc.) quite frequently appeared on the front page, and the language used seemed to invoke utopian conquests and invasions, raw emotions, and the market as a maker of things and a living being. I got the sense that something was going on there that pointed beyond Marx and his ideas about the economy as the productive infrastructure of society, and this something was beginning to define our life. So one answer is I became interested in where our Western societies were going. Another answer is I was seduced by good stories in a good paper.

When I got back to Europe I had no time for a study, I was still finishing my Epistemic Cultures book. But my interest got reinforced by Alex Preda, who joined my group in Bielefeld and was equally fascinated by markets, and a little later by Urs Bruegger, himself a former trader, who got me on his trading floor. I have been hooked ever since.

2. Could you name books or articles that have profoundly influenced your own thinking within economic sociology?

It was first immersion in practice—the intense experience of the trading floor of a top global bank—that influenced me. I came to the field of economic sociology only after this experience, and naturally, I was looking for accounts of the sort of global markets I saw. What I found pointed me to a number of people to whom talking was immensely stimulating—Viviana Zelizer in Princeton, Mitch Abolafia when he visited Bielefeld and Berlin, Charles Smith who is so much of a trader himself that he can talk for days about markets. Richard Swedberg's work became important - he is such a good synthesizer of everything - and, on the economic side, Keynes on credit and Hayek on knowledge dispersed in markets. But often it was the close contact with other enthusiasts, including recent PhDs, including Herbert Kalthoff who was part of this first group we had in Bielefeld, Olav Velthuis when he was in Konstanz, and of course Urs Bruegger, who influenced me. We

took to organizing small insider conferences quickly in this area: Alex Preda and I did one in Bielefeld in 2000 and in Konstanz in 2003; David Stark and Daniel Beunza did one at Columbia University; there was one organized by Timothy Mitchell at New York University; several colleagues organize one at the London School of Economics this coming June. These meetings were immensely important.

3. How do you explain that across Europe people active within the sociology of scientific knowledge, such as you yourself, Michel Callon and Donald McKenzie almost at the same moment turned to studying (financial) markets?

It may just be a coincidence. When Michel and I were both in Princeton in 1992, I think we fought mainly about actor-network theory and did not talk about financial markets yet. And he does something very different, as does Donald. In my case, my work on high energy physics at CERN drove it home to me that globalization was present in labs and that one could address it through ethnographic work. Globality and the seeming similarity between a lab and a trading floor were the initial bridge between my science work and the financial markets work. The knowledge aspect of financial markets turned out not to be such a great bridge: the information knowledge practices I find in my foreign exchange area have very little similarity with the epistemic practices of physics or molecular biology.

4. How does the sociology of financial markets differ from new economic sociology, i.e. the Granovetter tradition?

This is easier. The new economic sociology sees the economy more in terms of production markets that are often equated with interfirm relationships. This line of thinking can be traced back to Granovetter's important emphasis on embeddedness in terms of social relationships and to Harrison White's work and students. Thus while economists left production and the labor theory of value behind and took the stock exchange as their point of departure when they developed the neoclassical model, the new economic sociologists made just the opposite move when they returned to studying the economy in the 1980s—they predominantly focused on producer markets, taking the firm as a point of departure. Production has played an important role in sociology's understanding of industrialization and capitalism, and the focus on the producer side in economic sociology is continuous with this understanding. Financial markets are not production markets, and financial activities raise their own, quite different questions. These have to do with the second order status of these markets, with the activities at their center, that is with trading and speculation, with the role of circulation and information, for example with the phenomenon that what one is really dealing in in these markets frequently is information. The economy has often been defined, by economists and sociologists alike, as the area of production, consumption and (social) distribution. Production leads one to organizations, stable roles of producers and consumers, labor relations, commodities, regulation. The financial system controls and manages credit. It leads one to instantly changing positions of buyers and sellers, to the role of intermediaries and exchanges, and to the constitutive role of technologies in enabling global markets. If you put the firms that participate in financial markets in the center of attention, you risk reducing the sociology of markets to the sociology of organizations. I believe in a version of Zelizer's multiple market hypothesis, that is the need to differentiate between types of markets. The sociology of financial markets has only just begun to do this systematically. Happily for this

stage, there is no dominant approach. If anything unites students of these markets, then it is perhaps a desire to try and understand the core of financial activities

5. What do you see as the main differences between economic sociology in Europe and in the United States?

I don't like to construe differences between Europe and the US. I cross the Atlantic regularly, and I think geographical or worse nationally coded distinctions make no sense when you are confronted with global corporations, global trade and global finance. In the area of financial markets, I see no difference in approach, or thinking, between my colleagues in Europe and those in the US.

To be fair, however, one has to add that the new economic sociology arose in the US, and has flourished until recently mainly in the US. For that reason, you find paradigmatic approaches like the "structural" or network approach I mentioned, or the one spearheaded by Zelizer on the cultural dimensions of money, well developed in the States. Scholars in Europe have been and are right now much more concerned with coming to grips with changing economic policies and the retraction of the welfare state. Since there were more developed welfare state models in Europe, and the changes often stand in conflict with what social scientists believe, and funding agencies reward reflection on the changes, I predict that "European" economic sociology will continue to remain focused for quite a while on these macro-issues. Perhaps the only ones who will resist this tendency are scholars trained in science studies, because they are used to go for the center, so to speak: they want to open the black box of economic and financial practices. But you will notice that some of these scholars did important work in the US, and they work all over the place.

6. Is it important for you to establish dialogue with economists, and if so, what are feasible strategies to accomplish that?

I find such a dialogue quite important. More and more economists appear to be interested in some kind of exchange: think of all the behaviorally oriented subfields of economics that have emerged in the last decades. I think these economists secretly read the sociological literature! And if no dialogue develops, we should simply also secretly read the economic literature. If you want to study financial and economic systems in our complex societies, and you don't pay any attention whatsoever to what economists have to say about them, you end up with the rather flat culturalist stuff that sometimes comes out of English Departments... I take this back of course, there are some excellent analysts (and good friends) in these departments. But you get my opinion.

7. Which countries/cities/universities do you consider to be contemporary strongholds for economic sociology?

Still the ones Swedberg described in some of his overviews: in the US Princeton, Columbia, Northwestern, Stanford. And England (Edinburgh, now also London), some areas of Germany (Konstanz, Cologne) and Paris (what else?). Hopefully we will put Chicago on the map, which it already is massively when it comes to economics and finance.

8. What are currently the main debates within the field according to you?

I don't see any strong controversies. Those who like to do network analysis may not quite see the point of the recent and older micro-studies of markets, but this is more of a latent thing. I use all research that tells me interesting things. Perhaps we need a challenger!

9. Do you think it is wise for young researchers in Europe to specialize in this discipline?

Yes. There is much to do. The new world Granovetter promised has to be broadly discovered yet. Only a few parts have been visited, and even these should be revisited.

10. Do you see any research topics within economic sociology that have so far been neglected?

Plenty of research topics beg to be studied. Comparative studies of markets are missing more or less completely. Pricing has been almost completely neglected. Most financial markets have not been intensely studied. Financial and Economic knowledge are vast areas that need to be researched. Central banks are hardly understood, though Abolafia is on to them. The list is open ended, and there is no prospect of our societies moving away from their financial and economic orientations.