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Economic Sociology during and after Crisis

1. INTRODUCTION

It was inevitable that the last economic crisis had an impact on analysis, research, and discussion within economic sociology. Richard Swedberg described economic sociology “as the application of the sociological tradition to economic phenomena in an attempt to explain these”². There were many problems and issues to explain connected with the crisis. Because this crisis was described as the biggest economic collapse since the Great Depression, it influenced all spheres of the socio-economic life. Globalization of economy become a highway of spreading the crisis in space and time.

A very important institution studied both by economy and sociology are markets. Economists are mostly interested in the interplay between buyers and sellers leading toward prediction of the prices while sociologists are trying to explain markets as institutions and structures embedded in norms and values. Through markets wealth could be created but they can also contribute to emergence of economic crises³. It was the case of the last crises which started at the financial market and then moved to other spheres of the real economy. It triggered a fast development of studies of sociology of finance⁴. Markets are interconnected with each other and with social life at large and we all experience them directly and

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² R. Swedberg, *Principles of Economic Sociology*, Princeton 2003, p. XI

³ P. Aspers, *Markets*, Cambridge 2011.

⁴ See the whole issues of Economic Sociology – The European Electronic Newsletter, 2009, 10, 2, http://econsoc.mpifg.de/archive/econ_soc_10-2.pdf.

indirectly on a daily basis. It means that crisis was present in everyday life of individuals and societies.

Markets are one form of economic coordination and they are intermingled with networks and organizations. From the sociological point of view, we can argue “that much of economic life can be seen in terms of economic organization or how people, institutions and material objects are connected to and disconnected from each other”⁵. So, crises which started in the financial market spread in real economy touching firms of all sectors and nearly the whole global economy. To understand the dynamics of this process, we have to follow the combination of interests and social relations which determined it. That includes political forces – states as well as interest groups, directing economy in a more or less formal way.

The crises confirmed that governments still play a central and constitutive role in countries’ financial systems due to regulation or deregulation policy⁶. It presented a challenge to the neoliberal policy dominant until crisis. Since then, the public, political as well as scientific debate remains preoccupied with conflicts between markets and states. Despite different forms of state interventionism taken within anti-crisis policy it seems that in social practices neoliberal approach survived this challenge⁷. The choice between liberalism and interventionism is the choice made based on dominant norms and values in particular societies in given time. Therefore, culture – in short defined as values and sense-making – is an important point of reference in economic sociology studies.

If we start from the issues that people value than we can tackle the problems of trust in human relations and particularly in business relations as well as the trust in economic institutions which are background of economic life. Trust, strong and weak ties, and social capital become a core of sociological analysis of economic activities. The whole range of human behavior based on values is determining the latter. This approach is particularly useful in studies concerning consumption and also the pattern of economic development⁸. Economic sociology has long and fruitful tradition of research studies referring to cultural embeddedness of economic activities⁹.

⁵ R. Swedberg, op.cit., p. XIII.

⁶ B.G. Curruthers, S.L.Babb, *Economy/Society. Markets, Meaning, and Social Structure*, London 2013.

⁷ C. Crouch, *The Strange Non-Death of Neoliberalism*, Cambridge 2011.

⁸ B.G. Curruthers, S.L.Babb, op.cit.

⁹ P. Bourdieu, *The Social Structure of the Economy*, Cambridge 2008.

2. THE CURRENT OF RESEARCH/DISCUSSION

All of above-mentioned dimensions of economic sociology discourses were present in theoretical and empirical approach to changes brought by the crisis. How important these issues were not only for economic sociologists but for any sociologist we can judge from conferences organized by ESA. The last two of them in Geneva in 2011 under the title “Social Relations in Turbulent Times” and in Torino in 2013 titled “Crisis, Critique and Change” were focused on the consequences of this common experience. During the conference in Torino, Economic Sociology Research Network of ESA organized eleven workshops with nearly 50 presentations – three of them were devoted to problems connected with money and finance which still dominated the crisis discourse; two referred to transformations occurring on the job market as the most important consequence of crisis in real economy; some of them considered organizations and institutions of emerging markets or innovative economies; some of them followed temporal narratives of economics including ethical problems, alternatives roads of development and finally new approaches to theoretical tradition of research studies. A sample of discussion and arguments present on these workshops are published in this issue of “Culture and Education”¹⁰.

The presence of a vivid theoretical discussion and new theoretical approaches are evidence of development and vitality of the discipline. In the presented set of texts there are two in which authors are referring to classical theoretical approaches in historical perspective in order to explain current problems in a new way. The first is Jacek Tittenbrun’s “An Introduction to Socio-Economic Structuralism”. It is a presentation of a conceptual framework useful to analyze in a sociological way the contemporary meaning of such phenomena as work and ownership. The author introduces concepts significant for him following firstly Karl Marx and referring later to Anthony Giddens. This is to be an introduction to the author’s own theoretical sociology of today’s economic life. The approach is drawing on structuralism, but not hard-core structuralism, rather structuralism combined with theory of action.

The second is a very interesting study of Zenonas Norkus explaining the choice and ability of the Baltic States to maintain the fixed exchange currency parity during the economic crisis under the title “On the Interwar (1918–1940) Monetary Roots of the Baltic Model of Post-Communist Capitalism”. The author in historical approach employing neo-weberian arguments and the concept of “nation neolib-

¹⁰ Texts following this introduction are based on the presentation done at the conference of ESA, workshops of ESRN, held in Torino on 28–31 August 2013 and exchange of arguments and opinions after that.

eralism” tells us the story about strategies and identities of societies in transition from post-soviet countries toward neoliberal ones and the role national currency and myths connected with that currency had played in this process.

Looking at money and current financial issues from historical perspective can bring different interesting results – this approach happened to be very promising and fruitful in our discourse. Luigi Droste in his text “Real Estate Markets and Financial Crises – From the ‘Gründerkrise’ to the ‘Subprime Mortgage Crisis’” deals with the relationship between the dynamics in real estate market and financial crisis. This phenomenon is already recognized widely. Yet, the author of the paper brings the crisis of the late 19th century as a turning point which scholars should take into account. Specifically, the paper argues that instead of referring to the Great Depression of the 1930s, we should take the second half of the 19th century and pre-WWI economic crisis as a yardstick for the current crisis and for crises discourses. It is a very good example how useful could be analysis of different historical sources in sociological research.

The conceptual work is laying on the basis of Witold Nowak’s “Employees” Attitudes towards Organizational Change: An Explanatory Model Proposal”. The organizational changes are the important effects of economic crisis. What the author presents is an integrated lay-out of concepts and ideas from different authors, which can be used as a list of issues to bear in mind when analyzing attitudes towards organizational change. I will follow with interest the empirical application of this work. However, the effort made by the author to integrate concepts and ideas from different perspectives is quite remarkable and addresses one of the major challenges that the discipline faces.

The attitudes of people either in organization or in pursuing individual behavior are influencing economic activity. Ariela Mortara and Antonella Ardizzone in their text “Are Daily Deals a Way to Cope with the Crisis?” are seeking the answer to what extent the changes in attitudes connected with the new technologies are providing opportunities to cope with crisis. Are these changes rather connected with anti-crisis strategies or usability of new technologies which brings changes in life style? From their limited studies, the later explanation is more plausible.

3. THE TRACES TO FOLLOW

Most of the economies are again on the development track but many social problems which were created or discovered during the crisis need to be addressed. Today markets dominate our lives. They have penetrated more and more areas of

our lives leading to an increased tendency to view all social phenomena through market logic¹¹. The experiences coming from crisis and the vitality of neoliberal paradigm lead to a growing awareness of expansion of market logic. Questions being stated “Do we want a market economy, or a market society? What role should market play in public life and personal relations? How can we decide which goods should be bought and sold, and which should be governed by nonmarket values?”¹² A very important debate over morality of the markets is taking place and economic sociologists should be part of it because the points of reference include not only financial institutions and their misdeeds or regulatory reforms but also social practices of everyday life. We can observe the process of privatization of consumption of public and collective goods.

These expanded markets are always embedded in different sorts of nonmarket social relations and institutions – which are formal and informal, which are varied depending on country, time, and sector of the economy. Markets are not neutral in their consequences and these consequences are sometimes not positive. If we assume that market transactions are rather voluntary than coerced, that people are free to choose, still they could find themselves in a situation under the circumstances of not completely free choosing. It is connected with the new categorization of social stratification referred rather to the concept of lifestyle than social class or stratum. The concept of lifestyle becomes particularly relevant in contemporary studies of consumption in which we can observe intensified links between consumption choices and the formation of individual identities.

More individual patterns of consumption are reflected in a shift towards flexible production based on specialized design which is leading to reflexivity in production and labor processes. It is worth to follow changes in the sphere of production and work. Some of them have spacial and global character. The decline of industrial centers could be observed as well as the “emergence of a fragmented space economy based around new industrial districts, industrial parks and export-processing zones”¹³. This is connected with the shift from national economies to international economy in respect of both market and regulatory processes but at the same time with a growing importance of global cities. New divisions for core and periphery relations are emerging, shaping new integration or exclusion patterns. That covers also the new international division of labor and polarization of

¹¹ B.G. Curruthers, S.L. Babb, op. cit., pp. 192–195.

¹² M.J. Sandel, *What Money Can't Buy. The Moral Limits of Market*, London 2012, p. 11.

¹³ F. Tonkiss, *Contemporary Economic Sociology. Globalization, Production, Inequality*, London 2007, p. 124.

positions on the job market. More and more important for the development of the economy are high-skilled workers and professionals employed in the innovative sector. They are carriers of a new lifestyle in which distinctions between working and non-working time, work and consumption are blurred.

Innovations become essential in the post-industrial societies. Therefore knowledge and knowledge production is treated as commodity – as an economic product. New technologies are changing ways of production, distribution, organizational patterns, and employment conditions. In this new organizational setting, the issue of driving forces of development becomes crucial. The concept of entrepreneurship and entrepreneur need to be reconstructed in the opposition to “the attempt by psychologist to find the entrepreneurial personality to the focus on the entrepreneur as an actor who singlehandedly builds a fortune and an empire”¹⁴. The more relevant approach to entrepreneur requires to stress communication skills, ability to mobilize different types of capital (financial, social, symbolic, etc.), initiate and coordinate group activity as well as to serve as networks information broker. This is exactly the type of analysis on the mezzo economic and social level which is necessary for adequate explanation of the agency in the new type organizational settings.

As was already mentioned, occurring changes reconstruct economic divisions and economic inequalities. “Economic disparities stem not only from people’s relative incomes, nor from their position within relations of production and work, but from their access to formal economic participation and their levels of social and economic protection.”¹⁵ This issue could be seen in a global context were inequality, poverty, and insecurity intermingle reproducing deep economic divisions between and within nation states. These very important problems will be within the area of interest of the next ESA congress in Prague in 2015. I hope economic sociologists will provide rich insights in this debate.

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¹⁴ R. Swedberg, op.cit., p. 286.

¹⁵ F. Tonkiss, op.cit., p. 157.

Economic Sociology – The European Electronic Newsletter, 2009, 10, 2, http://econsoc.mpifg.de/archive/econ_soc_10-2.pdf.

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