

Markets and Management:

An Introduction to Economic Sociology

Socy 66
Fall 2020
Dartmouth College
M/W/F, 10:20-11:25 (remote synchronous)

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COURSE SUMMARY

Money makes the world go round. Money talks. Show me the money.

This course will address the many ways in which money pervades social life. As a medium of both symbolic and material exchange, it reflects and reproduces social arrangements. The readings in this course will treat the role of money in a wide variety of arenas, from politics, history and finance, to gender, religion and art. Thus, this course will be relevant to undergraduates majoring in any of these fields, while at the same time exposing them to a critical perspective that is particular to the social sciences.

The objective of the course will be to integrate a variety of theories about markets and the management of exchange, presented through readings and lectures, to develop a toolkit for analyzing empirical evidence. Thus, class materials will include a balanced mix of theoretical works and case studies. The class format and performance measures will be geared toward these goals. At the end of the course, students should have a highly developed ability to understand and think critically about the markets that affect their lives and shape world events.

Although many of the course readings draw on evidence from the United States, a significant portion of the readings involve international perspectives on markets. Our scope of inquiry will cover thousands of years of history – from ancient Greece to the modern era – and will include work from developing and non-Western economies, as well as from people in extreme conditions, such as prison camps and areas of urban poverty excluded from formal financial services.

Course Requirements and Grading

The course has a fairly heavy reading load, roughly 100 to 150 pages per week. Many of the readings are uploaded to Canvas already; in addition to the required readings, you'll find on Canvas a number of optional articles and book excerpts intended for those interested in pursuing topics in greater depth. The one required book – John Kenneth Galbraith's *A Short History of Financial Euphoria* – is on reserve in the library, but should be purchased if at all possible.

Your final course grade will be based on a simple 100-point scale, as shown below:

A = 94.00-100	C+ = 77.00-79.99
A- = 90.00-93.99	C = 74.00-76.99
B+ = 87.00-89.99	C- = 70.00-73.99
B = 84.00-86.99	D = 60.00-69.00
B- = 80.00-83.99	E = < 60.00

In keeping with the overall objectives of this course, your ability to integrate theory and applications will be measured in the following ways, adjusted for the remote format:

Midterm Exam – 30 points: Two short essay type questions, to be answered orally in a 10-minute, one-on-one Zoom session. Open book, open note. **14 October**

Class Participation – 30 points: Points for participation are awarded throughout the term based on attendance, *quality* of comments (not just quantity!), and quality of listening to/engaging with other students in discussion. Your skill at engaging in evidence-based discussions and critical analysis is the focus here, and listening is a crucial component. Toward the end of the term, we will view two documentary films during lecture time; following each film, students will be expected to circulate a set of questions or other teaching materials to facilitate class discussion; more details to come. **Each of these submissions will count for 5 points toward your class participation score.**

During lectures, students are required to keep their video turned on; I will work with students before the term starts and afterwards to ensure that technical problems are addressed. This video-on requirement is based on recent experience with remote learning: having everyone visible to each other is essential to facilitating discussion and engagement in the seminar. It's important in replicating the FTF class experience.

Final Exam – 40 points: Two short essay type questions; to be answered orally in a 10-minute, one-on-one Zoom session. Open book, open note. More points assigned to the Final than to the Midterm because questions will be more challenging and cover the whole term's worth of material, rather than just the first half. **Date TBD**

Expectations and Policies

People come to elite liberal arts colleges with a variety of purposes, but everyone ought to leave smarter: meaning, equipped with a broad knowledge base and a suite of critical thinking skills that will enable them to cope with the vast range of challenges they must make in their future lives. With sociology in particular, the practical value of learning this material and mode of analysis is immense, and can make your life better.

How do you acquire those skills? They aren't delivered purely by faculty. We can model them, but the skills are learned primarily by doing, in interaction with others. It's kind of like a team sport, and as with a team sport, you can't learn unless you show up and engage fully. The following three expectations stem from this proposition:

1. *Please be punctual:* Regular on-time attendance is expected, and it's particularly important to sustaining the learning experience in a seminar.

Lectures will be delivered via Zoom at the regularly scheduled class times. I will work with students prior to the start of the term to iron out any technical problems that would make two-way live video participation difficult; I can also refer students to College resources for help on technical issues that might affect class participation.

If students miss a class, they are responsible for getting notes from another student.

Note: Excused absences include illness, religious observance (please let me know about this within the first week of class), or a catastrophic event (such as loss of housing, death of a family member – probably best to connect with your Dean in such cases, and have him or her contact me). There will be no make-up dates for the midterm and final, except in case of an excused absence, documented by a physician or a Dean and subject to the [Dartmouth Academic Honor Principle](#).

2. *Be prepared for class:* At a minimum, you must do the assigned reading no later than the date shown in the syllabus. In a small class where participation counts for a lot, it tends to be clear who has or hasn't prepared.

3. *Be engaged and help others engage:* At a minimum, engagement means immersing yourself in the readings, and thinking through their implications; being a good listener in class discussions; and grounding your own claims in evidence.

A word about grading: I don't "round up" grades: that means if you earn a 79.8 as your final class grade, it won't be rounded up to an 80. If you believe I have made a mistake in grading your work, please write a short, well-reasoned explanation (no longer than one page) articulating your rationale. Please keep in mind that grading is based on the information you make available and its relationship to the question(s) you were asked; thus, comments such as "but I know the material" or "I worked really hard" are not compelling rationales. Whenever you request re-grading, that work may be given a lower grade than was originally assigned; the grade might also go up, or stay the same. **You have one week from the time you receive a grade to request re-grading.**

About correspondence and questions: If you have a question about the class, please consult the syllabus first – it’s highly detailed. Only if you’re unable to find an answer there should you contact me. I’d be very pleased if it contained a salutation (“Dear Professor Harrington,” as opposed to “Hi”) followed by words assembled into sentences. Also, reading SMS shorthand (“r” for “are,” “u” for “you,” etc.) causes existential pain to those of us born in the previous century.

Disability-Related Accommodations: Students who require accommodations must register with SAS – the Student Accessibility Services office. This includes not only learning disabilities, but chronic diseases and psychiatric issues. Once SAS has authorized accommodations, the student must show the original, signed SAS Services and Consent form and/or a letter on SAS to the professor. All inquiries and discussions about accommodations will remain confidential. Call 603-646-9900 to start the SAS process. **If you require extra time on exams or any other accommodations, please let me know before the third class meeting so that I can make the necessary preparations.**

Office Hours: I will hold virtual office hours via Zoom on M/W/F from 11:30am to 12:10pm. For each meeting, I’ll need to send you a personal Zoom link; and because I am teaching two courses this term, there may be high demand for meeting times. **So you’ll need to contact me via email a minimum of 24 hours in advance of the meeting time you’re requesting.**

Study Skills: This [Vox article listing effective study habits](#) may be helpful in preparing for exams. I recommend items #2 and #3; you’ll find me doing a lot of #7 in lectures.

PART I—ECONOMISTS ON ECONOMICS

In this section of the class, we will attempt to define our terms by taking a brief and non-mathematical look at the foundational assumptions and purposes of economics. This is not intended as an “objective” view of economics; rather, the articles showcase the assumptions and claims that sociologists question in economic theory.

September 14:

- Von Hayek (1974), “The Pretence of Knowledge,” Nobel Prize Address, Stockholm. An interesting critique of economics from a famed economist on the occasion of his acceptance of the Nobel Prize in that field.
- Hirsch, Paul, Stuart Michaels, and Ray Friedman (1990), “Clean Models Versus Dirty Hands: Why Economics Is Different from Sociology,” pp. 39-56 in Sharon Zukin and Paul DiMaggio (Eds.), *Structures of Capital: The Social Organization of the Economy*, Cambridge: Cambridge University Press.
This article defines economics in contrast to sociology, a theme to which we will return many times.

September 16:

- Galbraith, John Kenneth (1998 [1958]), Chapter 3-7 of *The Affluent Society*, Mariner Books
These chapters lay out the history of classical economic thought from Adam Smith to the present. Galbraith argues that economic theories are stuck in the assumptions of 18th-century, pre-industrial England, where they were forged.

September 18:

- Nelson, Julie (1992), “Gender, Metaphor and the Definition of Economics,” *Economics and Philosophy*, 8: 103-125.
This is an unusual take on the definition of economics, arguing that the field is based on gendered assumptions. This is related to what J.K. Galbraith is saying about economics being rooted in 18th century pre-industrial assumptions. The larger point is, economics, like all academic disciplines, is an artifact of history and human behavior.
- Bell, Daniel (1981), “Models and Reality in Economic Discourse,” in Daniel Bell and Irving Kristol, *The Crisis in Economic Theory*, New York: Basic Books, pp. 46-81.
Bell traces the history of economic theory in brief and argues for its reintegration with the other social sciences.
- *Optional:*
Olin, Dirk (2003), “Prospect Theory,” *New York Times Magazine*, June 8, pp. 33-34.
A quick tour through the history of financial speculation, and the ways that economists have tried to make sense of it all.

PART II—THE SOCIOLOGICAL PERSPECTIVE

The following four articles look at the development of economic sociology through the lens of both classical economics and sociology. Of these, you should pay special attention to Granovetter's ideas about the social embeddedness of economic behavior.

September 21:

- Smelser, Neil and Richard Swedberg (1994), "The Sociological Perspective on the Economy," in Neil Smelser and Richard Swedberg (Eds.) *The Handbook of Economic Sociology*, Princeton, NJ: Princeton University Press.
- Chart from Swedberg, Richard, Ulf Himmelstrand, and Goran Brulin (1987), "The Paradigms of Neo-Classical Theory and Economic Sociology," *Theory and Society*, 16: 174.
- Granovetter, Mark (1990), "The Old and the New Economic Sociology: A History and An Agenda," in Roger Friedland and A.F. Robertson (Eds.), *Beyond the Marketplace*, New York: Aldine de Gruyter.
- DiMaggio, Paul (1990), "Cultural Aspects of Economic Action and Organization," in Roger Friedland and A.F. Robertson (Eds.), *Beyond the Marketplace*, New York: Aldine de Gruyter.
- Hart, Keith (1990), "The Idea of Economy: Six Modern Dissenters," in *Beyond The Marketplace*, Roger Friedland and A.F. Robertson (Eds.), New York: Aldine de Gruyter.
- *Optional:*
Twain, Mark. 1893. "The Million Pound Bank Note." From *The Million Pound Bank Note and Other New Stories*. Leipzig: Bernhard Tauchnitz.

PART III—MONEY & MARKETS: A SOCIAL, POLITICAL & CULTURAL HISTORY

September 23:

- Polanyi, Karl (1944), Chapters 4, 5 and 6 from *The Great Transformation*, Boston: Beacon Press
Polanyi argues persuasively that the free market is both a recent and artificial innovation, contrary to the assumptions of classical economics. Economies take many forms (see Part IV of the class), and Polanyi argues that the modern market economy is the siamese twin of the nation-state. In other words, strong state governments are not opposed to free markets, but coeval and necessary to the market's survival.
- Hirschman, Albert (1982), "Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?" *Journal of Economic Literature* 20: 1463-1484
Hirschman reviews historical interpretations of the impact of markets on social life.

- *Optional:*
Dubner, Stephen (2003), "Calculating the Irrational in Economics," *New York Times*, June 28, Section 2, p. 7.
This article reviews the state of the art in economics, which is actually heading toward sociology and psychology!

September 28: NO CLASS (Yom Kippur)

September 30:

- Galbraith, John Kenneth (1995), Chapters 1-5 of *Money: Whence It Came, Where It Went*, 2nd Edition, Boston: Houghton-Mifflin
This is an overall social history of money and its role in shaping political events; given Galbraith's former role as a policy maker, this book is infused with the policy perspective.

October 2:

- Finlay, Moses (1973), Chapters 1 and 6 in *The Ancient Economy*, Berkeley: University of California Press
Finlay, a professor of Ancient History, reviews the origins of the term and concept of "economy" and shows what it meant in practice in the ancient world. A good companion piece to Polanyi.
- Zelizer, Viviana (1996), "Payments and Social Ties," *Sociological Forum* 11:481-495
Zelizer argues that all dollars are not equal; even within a single currency system, "value" depends on how money is exchanged – either as gift, compensation or entitlement. Each mode of exchange implies different ties between the parties, and different assignments of value.

October 5:

- Marx, Karl (1978), *Communist Manifesto*, in Robert Tucker (Ed.) *The Marx-Engels Reader*, New York: W.W. Norton
In the *Manifesto*, Marx explains simply how labor is converted into money.
- Weber, Max (1946), *The Protestant Sects and the Spirit of Capitalism*, in H.H. Gerth and C. Wright Mills (Eds.) *From Max Weber*, New York: Oxford University Press
This classic essay lays out the classic connections between money and culture, in the form of religion.
- *Optional:*
Kolbert, Elizabeth. 2004. "Why Work: A Hundred Years of "The Protestant Ethic." *New Yorker*, November 29.
A useful take on Max Weber and his work from a national magazine, written for a general audience.
Simons, Marlise (2003), "Sister Nicole Fights the Good Fight as Financier," *New York Times*, 14 April, Section 1, p. 4.

How one person (a nun in Paris) sought to reconcile the conflicts between being an investor and a moral person. Call it “The Catholic Ethic and the Spirit of Capitalism.”

October 7:

- Marx, Karl (1978), selections from *Das Capital*, in Robert Tucker (Ed.) *The Marx-Engels Reader*, New York: W.W. Norton
In *Das Capital*, Marx defines capitalism as the process of turning money into more money. This reading will be particularly relevant to students with an interest in government or history.
- Cvetkovich, Ann (1992), selections from *Mixed Feelings: Feminism, Mass Culture and Victorian Sensationalism*, New Brunswick, NJ: Rutgers University Press
This essay views Marx from the perspective literary criticism, and classifies *Capital* as a mystery and as a Gothic horror story, along the lines of Shelley’s *Frankenstein*.
- Weber, Max (1946), *Class, Status and Party*, from H.H. Gerth and C. Wright Mills (Eds.) *From Max Weber*, New York: Oxford University Press
This famous essay explains how money is related to social position, a theme to which we shall return.

PART V – POPULAR ECONOMICS I: THE INFORMAL SECTOR

October 9:

- Portes, Alejandro (1994), “The Informal Economy and Its Paradoxes,” in Neil Smelser and Richard Swedberg (Eds.) *The Handbook of Economic Sociology*, Princeton, NJ: Princeton University Press.
Portes lays out the basic contours of the informal economy, then compares and contrasts it to the formal sector.
- Jimenez, Jose Blanes (1989), “Cocaine, Informality and the Urban Economy in La Paz, Bolivia,” in Portes, Castells and Benton (Eds.), *The Informal Economy: Studies in Advanced and Less Developed Countries*, Baltimore: Johns Hopkins University Press.
This article looks at drug trafficking as a mode of informal economic activity.

October 12:

- Light, Ivan (1977), “Numbers Gambling Among Blacks: A Financial Institution,” *American Sociological Review*, 42: 892-904.
This fascinating article looks at gambling as a form of savings among the poor, who are otherwise excluded from the formal financial sector.
- Geertz, Clifford (1978), “The Bazaar Economy: Information and Search in Peasant Marketing,” *American Economic Review* 62: 28-32.
This famous article is another anthropological look at markets – this time in Morocco, where social ties form the foundation of the bazaar economy.
- Radford, RA (1945), “The Economic Organization of a POW Camp,” *Economica* 12: 189-201.
This article by a former prisoner of war in Germany during WWII shows what

markets look like in their most elementary form: the cigarette-based economy of the POW camp. Participants developed a currency market, including arbitrage!

October 14: MIDTERM

PART VI—POPULAR ECONOMICS II: GIFT EXCHANGE

This section of the class draws on anthropological accounts of gift-based societies and countries where people shut out of the institutionalized, formal economy have developed a parallel economic system of their own. The larger theme is the embeddedness of economic relations in social life.

October 16:

- Schwartz, Barry (1967), "The Social Psychology of the Gift," *American Journal of Sociology*, 73:1-11.
This article is a great introduction to alternative to market forms of organizing economic relations, particularly the ancient and very common mode known as gift exchange. This sets up the issues in the next reading.
- Titmuss, R.M. (1970), Chapter 5 in *The Gift Relationship: From Human Blood to Social Policy*, London: Allen and Unwin.
These excerpts from a large study of blood donation in the U.K. and U.S. show that markets are in some ways much less efficient than altruistic or gift-based distribution systems. This is especially true when trust in the *quality* of a product is at stake, as in blood transfusions. His larger point is similar to Polanyi's: markets are not separate from societies, and we divide them at our peril.

October 19:

- Titmuss, R.M. (1970), Chapters 12, and 13 of *The Gift Relationship: From Human Blood to Social Policy*, London: Allen and Unwin.

October 21:

- Sahlins, Marshall (1972), "On the Sociology of Primitive Exchange," in *Stone Age Economics*, Aldine: Chicago
This article reviews the cross-cultural evidence on economic transactions within societies based on gift exchange rather than markets. These forms of economic organization fundamentally challenge the assumptions of classical economics that humans are rational-self maximizers, and that the greatest good for the greatest number is achieved by pursuing rational self-interest.

October 23:

- Galaskiewicz, Joseph (1985), Chapters 1 and 7 in *Social Organization of An Urban Grants Economy*, Orlando, FL: Academic Press
These chapters summarize a larger study of corporate philanthropy. It finds a strong

relationship between “gifts” and social status, for organizations as well as individuals.

PART VII – MONEY AND SOCIAL STATUS

October 26:

- Frank, Robert (1985), Chapters 1 and 2 of *Choosing the Right Pond: Human Behavior and the Quest for Status*, New York: Oxford University Press
Frank discusses the role of money in conferring social status, with a fascinating side-line on the physiology and biochemistry of status among primates.

October 28:

- England, Paula (1992), selections from *Comparable Worth: Theories and Evidence*, New York: Aldine de Gruyter.
This is a more contemporary organizational take on status and money; England argues that the “gender gap” in pay is an expression of the generally devalued social status of women.
- Veblen, Thorstein (1899), *The Theory Of The Leisure Class: An Economic Study Of Institutions*. Mineola, NY: Dover Publications.
The excerpts here are Chapter 4, the classic text that coined the term “conspicuous consumption,” and Chapter 7, which concerns clothing as a mode of expressing social status.

October 30:

- DuBois, W.E.B. (1953), selections from *The Souls of Black Folk: Essays and Sketches*, New York: Blue Heron Press
DuBois presents his thoughts on the relationship between race, social status and money in these essays.
- Aldrich, Nelson W. (1988), chapters 1 and 2 in *Old Money: The Mythology of America's Upper Class*, New York: Vintage Books
Aldrich, the scion of one of New England's wealthiest families, writes in this semi-autobiographical social history about the attempts of American elites to maintain a ladder of social status independent of financial status.

November 2:

- Aldrich, Nelson W. (1988), chapter 3 in *Old Money*
- Film: *Born Rich* (1hr 15 min)
- *Optional:*
Trebay, Guy (2003), “At Bailey’s Beach, The Ruling Class Keeps Its Guard Up,” *New York Times*, July 20, Section 2, p. 1.
A story about Old Money shoring up its status in Newport, RI.

PART VIII – MONEY AND FINANCIAL MARKETS

November 4:

- Galbraith, John Kenneth (1990), Chapters 1-4 in *A Short History of Financial Euphoria*, New York: Whittle.
This is a witty book on the history of speculative bubbles: defined by Galbraith as “the mass escape from sanity by people in pursuit of profit.” The historical scope covers three centuries, from the Dutch tulip bulb craze of the mid-1600s to the Ponzi schemes of the 1960s. This material offers a useful way of teaching about the role of money in social movements.
- Ingrassia, Catherine (1995), “The Pleasure of Business and the Business of Pleasure: Gender, Credit, and the South Sea Bubble,” *Studies in 18thC Culture* 24: 191-210.
This fascinating article documents the role of gender in the South Sea Company speculative frenzy detailed in Galbraith. The study adds substance to the claim of this class that markets are both shaped by and reproduce participants’ social identity.

November 6:

- Galbraith, John Kenneth (1990), Chapters 5-8 in *A Short History of Financial Euphoria*, New York: Whittle.
- Reed, Christopher (1999), “The Damn’d South Sea,” *Harvard*, May-June: 36- 41.
This short history of the South Sea Bubble gives an even better and more detailed account than Galbraith’s, and uses photographs from Harvard’s collection of manuscripts from the event.

November 9:

- Baker, Wayne (1990), “Market Networks and Corporate Behavior,” *American Journal of Sociology* 96:589-625
This empirical study of Wall Street investment banks exemplifies Granovetter’s point about the social embeddedness of markets. Baker demonstrates that trust and network ties rather than economic efficiency, dictate corporations’ banking choices.
- O’Barr, William and John Conley (1992), “Managing Relationships: The Culture of Institutional Investing,” *Financial Analysts’ Journal* Sep-Oct: 21-27
This article is based on interviews with pension fund managers, who candidly discuss the social dynamics underlying their financial work.
- Shiller, Robert (1993), “Stock Prices and Social Dynamics,” in Richard Thaler (Ed.) *Advances in Behavioral Finance*, New York: Russell Sage
An internationally-recognized finance scholar argues economic heresy: the stock market is driven by fads and fashions – *social* phenomena – rather than efficiency. This is economics blending into sociology.

November 11:

- Film: *Inside Job* (1hr 48min)

November 13:

- Final exam review