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To cite this article: Dieter Bögenhold (2018) Economics between Insulation and Social-Scienciation: Observations by a Sociology of Economics, Journal of Economic Issues, 52:4, 1125-1142, DOI: [10.1080/00213624.2018.1535954](https://doi.org/10.1080/00213624.2018.1535954)

To link to this article: <https://doi.org/10.1080/00213624.2018.1535954>



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Published online: 27 Nov 2018.



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***Economics between Insulation and Social-Scienciation:
Observations by a Sociology of Economics***

Dieter Bögenhold

Abstract: The intention of the article is to explore trends in economics and sociology, as well as other science disciplines, like history, psychology and anthropology, and investigate the interdisciplinary exchanges that have taken place, leading to convergences and divergences between academic subjects. The “imperialism of economics” is increasingly approaching traditional academic fields of history, psychology, and sociology. However, the article concludes that sociology’s public reputation may have declined, while simultaneously economics is shifting its attention to the social dimension of economic behavior and moving toward the other social sciences; a process which has been coined “social-scienciation.” The argument is that those developments can also be seen as chances to upgrade the social sciences “around” economics. The described process also aligns with recent talk about a need for interdisciplinary studies when this article adopts a different take on the issues of interdisciplinarity and embeddedness.

Keywords: Imperialism of economics, institutional economics, old institutional economics, interdisciplinarity, economic sociology, Max Weber, sociology of economics

JEL Classification Codes: A1, A2, B2, B3, B4, B5, Z1

Economics has changed, and the type of economists was and is changing. While textbook knowledge in economics has become increasingly silent on the topic of history of economic thought in general and on old institutional economics (OIE) in particular, the discussion about the links between economics and different forms of OIE has become restricted to few and selected areas, one of which is the *Journal of Economic Issues*, which has always been one of those places. The more complex economics proved to become, the smaller the real terrain of

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neoclassical theory that remained, although the general image of economics, especially when looking at the field from the outside, still shows a dominance of neoclassical orthodoxy. However, mainstream economics is also in itself fragmented and always changing (Cedrini, Fontana 2016). Former links between economics and other social science domains, especially to philosophy, were exchanged for new links to econometrics and mathematics. Mainstream economics became increasingly associated with abstractness and formalism, which went along with an ongoing trend that meant that even the history of economic theory was forgotten. History of economic theory was abolished or pushed to different disciplines (philosophy or science theory). This paper argues that recent developments in economics show some tentative convergencies towards earlier discussions around Old Institutional Economics (OIE) either according to the American interpretation (with special emphasis on Thorstein Veblen, John R. Commons and others) or of the German version (with special emphasis on Max Weber, Werner Sombart, Georg Simmel, Ferdinand Tönnies or others), which may give hope for an increasing reorientation towards “older” topics and their hidden discussion nowadays. The intention of this article is to explore trends in economics and sociology, as well as other science disciplines, like history, *psychology* and anthropology, and investigate the interdisciplinary exchanges that have taken place, leading to convergences and divergences between academic subjects. The article concludes that sociology’s public reputation may have declined, while simultaneously economics is shifting its attention to the social dimension of economic behavior and moving toward the other social sciences; a process, which has been coined “*social-scienciation*.” The argument is that those developments can also be seen as chances to upgrade the social sciences “around” economics.

Finally, the described process of “social-scienciation” also aligns with recent talk about a need for interdisciplinary studies (Sugiura 1999), while this article adopts a different take on the issues of interdisciplinarity and embeddedness. Trying to trigger a careful revision of the systematics of sciences, of tools and common bodies of knowledge, can only be carried out with a necessary understanding of the roots of the own subject.

How Economics Forgot History and Sociology

Talking about economics and related further academic domains refers to the question of what economics actually is. First of all, we have to acknowledge that economics has experienced serious changes and shifts during the last 150 years or so. Where is economics coming from and where is it going to, what is the domain of economics, and to what extent do different approaches in economics coexist? The question of what the matter with economics is has a long tradition. The often quoted statement by Jacob Viner “economics is what economists do” (quoted in Barber 1997: 87) was already completed by Frank Knight when he added “and economists are those who do economics” (quoted in Buchanan 1964: 213). Looking at

activities of economists shows that the domain of economics is always in transition. Since no clear borders exists, which provide rational markers for the area of economics, even such a current understanding is not much further than it was during the times of Viner or Knight.

The organization of economics is characterized by a practice, which mirrors the multiplicity of academic production and a somehow accidental development rather than a systematic reasoning about how to design an academic subject. With respect to the definition of what economics is and how it is organized into different subfolders, two trends overlap each other. (1) We have a long-term trend of the development of economics in which the discipline increasingly gained firm ground and recognition and in which a process of differentiation started to evolve. This trend took part within the last one and a half centuries. The field of economics also started to become a professional system with clear curricula, degrees, academic societies and university departments, with an increasing number of publications and related journals. (2) Parallel to the consolidation process of economics, the subject formed borderlines to neighboring fields, which were formerly an extended part of economics. Looking over the course of the last hundred years, topics of economics have modified and multiplied.

Historically, the rise of modern economics was closely connected to the rise of neoclassical theory, which had its foundations in the marginal utility theory. Related economists tried to establish a kind of economics, which was defined as being theoretical and—in this sense—universal and general. “Pure” economics (Walras [1874] 1954) was a credo trying to do economics in the same way as other natural sciences were practicing, having clear procedures and the aim to arrive at laws. In order to apply economic discussion to modern capitalism in general statements, formulated relationships had to be abstract and formal in the understanding that they could be used for all modern capitalist economies independently of concrete time and space. Achieving a level of abstraction was seen as being closely connected to the utilization of mathematics. Due to this understanding, the rise of neoclassical economics was very much a rising import of mathematics as a tool to formalize statements. This mathematization of economics was clearly expressed when, for example, looking at Jevons, who wrote in his introduction, “It is clear that Economics, if it is to be a science at all, must be a mathematical science” (Jevons 1871, 3). The battle of methods between old institutional economics (OIE) represented by Gustav Schmoller and associates in Europe and by Thorstein Veblen and many others in North America was historically won by the marginal utility theorists, who provided the foundation stone for later neoclassical thought in economics.

Bringing a complex development to a very brief denominator, much of twentieth century development in economics has been taken up by the establishment of neoclassical thought, which is taught as textbook knowledge to undergraduate students and which dominates wide

parts of the non-university public and public policy. "Pure economics" served as a program of abstractness, which had problems when confronted with competing empirical material, since pure economics was related to an economy in a vacuum. This type of thought emerged and became a predominant paradigm of thought during the twentieth century, and in its nucleus served to be a kind of academic religion (Nelson 2001). Economics had started to forget history (Hodgson 2001), but also sociology and psychology. The attempt was to establish economics as a genuine science with a narrower domain but a wider and universal approach and impact simultaneously in order to become understood in every culture and universally applicable. Dimensions of time, space, and social relations were not only neglected, but were consciously treated as axiomatically given. Lazear (2000, 99-100) expressed it clearly when advocating in favor of economics and claiming an "imperialism of economics": "The ascension of economics results from the fact that our discipline has a rigorous language that allows complicated concepts to be written in relatively simple, abstract terms. The language permits economists to strip away complexity. Complexity may add to the richness of description, but it also prevents the analyst from seeing what is essential."

Neoclassical thought also tended to ignore issues of economic (and social change) and discussed the economy as if a capitalist economy is generally not in transition. Therefore, the theoretical attempt of neoclassical thought increasingly became a snapshot of economics, not taking into consideration its inherent dynamics. Of course, there is never and was never just one single type of economics (for the United States, see Dorfman 1946-1959), but the portrait of the mainstream in economics developed in such a direction, which became textbook knowledge. Still today, when young people decide to study economics at university, they start to learn neoclassical economics as state of the art, although many other positions coexist (Backhouse and Fontaine 2014 for the process of the social sciences and Backhouse 2010 for economics), and even though it proves to be a difficult enterprise to work on historiographies (Backhouse and Fontaine 2014).

The Explosion of Scientific Knowledge

The recent question about the relationship between economics and neighboring disciplines such as sociology, psychology or history has sometimes been discussed very silently, sometimes more explicitly. While Max Weber, who was a professor of economics, published a book entitled *Economy and Society* (1921) in which he addressed both items equally, suggesting a coexistence between economy and society, the process of scientific differentiation within the following decades changed academic practice, its division and related questions. In the 1950s, Talcott Parsons and Neil Smelser wrote in their book *Economy and Society* (1956) that only a few authors who were competent in sociological theory have "any working knowledge of economics, and conversely...few economists have much knowledge of sociology" (Parsons and Smelser 1956).

Through the explosion of new academic publications in sociology and in the different branches of economic sciences, internal lines of differentiation and segmentation emerged. The subjects multiplied in a vertical and a horizontal direction, and within the course of constantly new subjects also new universes of discourse emerged, having separate research organizations, global conferences, journals, curricula, academic career opportunities, as well as patterns and publication routines. Finally, a vulcanization of the research landscape in social sciences was revealed, indicating a variety of new islands of knowledge, which had increasingly fewer reciprocal ties and active links of information and communication. With this organizational cell division, an academic autism started, which gave proof of Max Weber’s statement given in his famous article “Science as Vocation” ([1919], 1922), namely that the individual can achieve something really substantial on academic ground only if it is in a situation of increased specialization:

In our time, the internal situation, in contrast to the organization of science as a vocation, is first of all conditioned by the facts that science has entered a phase of specialization previously unknown and that this will forever remain the case. Not only externally, but inwardly, matters stand a point where the individual can acquire the sure consciousness of achieving something truly perfect in the field of science only in case he is a strict specialist.” (Weber 1922, 526)

Figure 1. Pedigree of Economics within Social Sciences

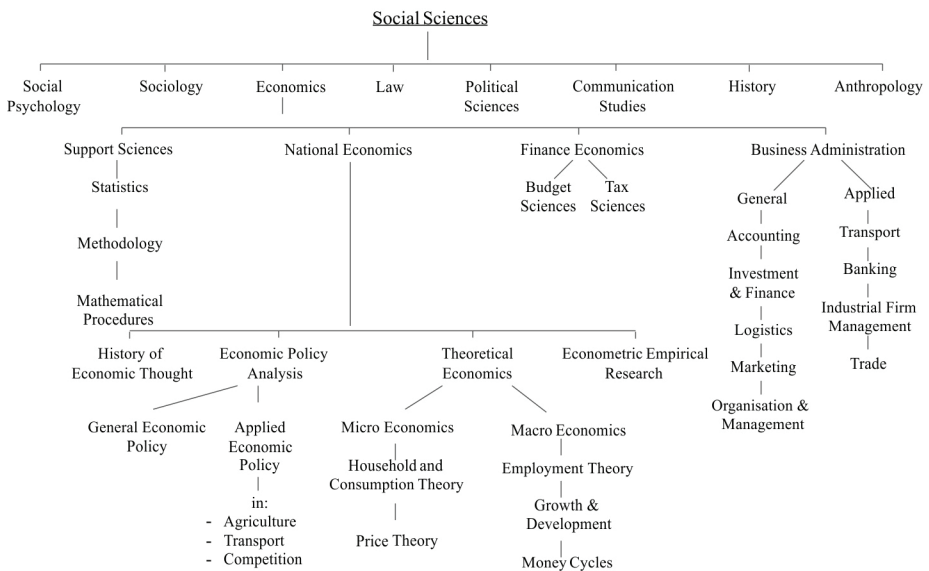


Figure (1) (analogue to Winkel (1980, 17)) indicates diverse academic subjects within social sciences. During the last 150 years, a variety of new academic subjects has emerged,

and economics has—as previously discussed—cut many former links to history, sociology or psychology, but multiplied in itself. First, economics has split into national economics and business administration and those divisions created many further special areas. Nowadays, one is usually studying, working and pursuing a career in just one of these sub-subjects. Simultaneously, a variety of new special fields of economics have been founded, which did not exist decades before, among them e.g. industrial economics, labor economics, small business economics, household economics, and economics of aging. Many further new areas have evolved and serve as impressive exemplars of the general trend of academic specialization and differentiation. The more complex economics proved to become, the smaller the real terrain of neoclassical theory remained, although the general image of economics, especially when looking at the field from the outside, is still neoclassical orthodoxy. The twenty-first century looks back at this scientific period of development, differentiation and consolidation as a feature of the twentieth century.

Economics between Mainstream and Innovation: Increasing Social-Scienciation

Mainstream economics has become increasingly characterized by abstractness and formalism, which goes along with an ongoing trend that even the history of economic theory has been forgotten. History of economic theory (HET or, in German, Dogmengeschichte) is or was a teaching subject within economics for a long time but seems to have been abolished or pushed to different disciplines (philosophy or science theory). One could argue with Hodgson that “prowess with formal technique has replaced the broader intuitive, methodological and historical intellectual grounding required of the great economist. Such qualities were emphasized and personified by both Alfred Marshall and John Maynard Keynes. Today, economists are no longer systematically educated in economic history, the philosophy of science or the history of their own discipline” (Hodgson 2007, 19). So, the result is that recent graduates of economic studies are more competent in the application of mathematics and statistics and ambitious computer simulations, as they have a working knowledge of the history of those specific subjects. In mathematics the small multiplication table is a precondition for the larger multiplication tables, but in modern economics one can skip the elementary steps within the history of economic ideas. In other words: “Recruitment and professional advancement are generally on the basis of technical competence, rather than knowledge of the real economy or of the evolution of economics as a discipline. This bias towards formalism has become deeply ingrained and institutionalized in the academy. It is compounded by the fragmentation of the profession into technical specialists, often lacking the generalist background that enables communication and synthetic advance” (Hodgson 2007, 19). There is nothing to be held against recent ambitious statistics and econometrics (Weintraub 2002, Morgan 2012), but tools shall not degenerate to become ends within

themselves, and data generation processes have to be brought back to genuine theoretical questions.

“Mathiness”—as Romer (2015) put it recently—is a trend when economic science has become colonized by sometimes uncontrolled mathematics. “At a symposium on the state of economics held in 1986, sponsored by the National Science Foundation, many participants put forth the view that economics as taught in graduate school had become too divorced from real world questions” (Krueger 1991, 1035).

Against this scenario I observe several new trends, which may be called innovation through new ideas. These new perspectives have one common denominator, all of them stand for an increasing *social-scienciation of economics* in a way that—formerly forgotten—links to history, sociology, and behavioral sciences are seemingly rediscovered or reopened. Among the new turns, which economics is undertaking, or experiences during the last three decades, three overlapping but separate tendencies can be mentioned: (1) increasing awareness of institutional dimensions and economic dynamics towards an institutional and evolutionary and cultural economics, (2) increasing awareness that motivation of human agents is a research field, which is becoming increasingly challenging, and (3) the integration of research on social capital and networks of individual and organizational actors is becoming a visible tendency, which combines macro with micro perspectives and sheds light on real life processes of economic life and processes. Taken together, these—at least—three tendencies stand for a new paradigm, which, *de facto*, reintegrates sociological, historical, and psychological perspectives.

Therefore, all disciplines must be prepared to analyze those ongoing paradigm shifts in order to discuss possible consequences for each respective academic discipline.

Upgrading Institutional Dimensions and Evolutionary Change

The interesting issue is that it wasn't authors belonging under the roof of heterodox economics (Bögenhold 2010) who came up with those explicit positions arguing against the mainstream textbook knowledge, but instead authors came up with those positions who were regarded as being part of the so-called mainstream economics and who were often awarded with Nobel prizes for their achievements. The seemingly paradoxical situation is that, on the one hand, textbook knowledge is taught, which is very much concerned with neoclassical economics, and on the other hand, economists are awarded the famous Nobel prizes, for criticizing principles of neoclassical thought. Robert M. Solow (Nobel Laureate 1987) belonged to this last category: “All narrowly economic activity is embedded in a web of social institutions, customs, beliefs, and attitudes.... Few things should be more interesting to a civilized economic theorist than the opportunity to observe the interplay between social institutions and economic behavior *over time and place*” (Solow 1985, 328–329, italics added). A few years later, Douglas G. North (Nobel Laureate 1993) argued in the same direction by

sharpening the awareness for historical research:

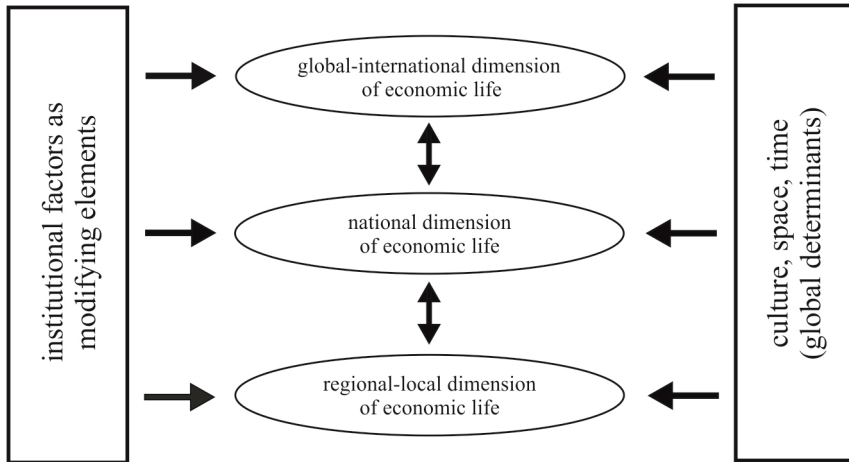
Improving our understanding of the nature of economic change entails that we draw on the only laboratory that we have—*the past*. But "understanding" the past entails imposing order on the myriad facts that have survived to explain what has happened—that is theory. The theories we develop to understand where we have been come from the social sciences. Therefore, there is a constant give and take between the theories we develop, and their application to explain the past. Do they improve our understanding—is the resultant explanation broadly consistent with the surviving historical evidence?" (North 1979, 1)

What, among many other authors, Solow or North explain is the trivial fact that each economy is integrated into a permanent flux of changes. They both confirm what Joseph A. Schumpeter had expressed much earlier: "The essential point to grasp is that in dealing with capitalism we are dealing with an evolutionary process. ...Capitalism, then, is by nature a form or method of economic change and not only never is but never can be stationary" (Schumpeter 1942, 82). When history was forgotten by wide parts of economics, works by Solow or North clearly rediscovered history for specific reasons (Greif and Mokyr 2017). There is nothing else which provides empirical facts on capitalism, other than the history of capitalism. Even to undertake future forecasts, one has to refer backwards. That economic activities are embedded in social institutions, customs, beliefs, and attitudes is a simple credo that culture matters, which implies that sociology matters.

If culture makes a difference, capitalism does not exist in a vacuum, but in a context with specific social regimes of living, producing, and exchange. Institutional approaches have no other aim than to highlight that different social organizations and institutions (including religion, language, law, family structures and networks, systems of education, and industrial relations) make differences when trying to come up with statements regarding general principles of capitalist societies and economies (North 1991). As we know, capitalism in Singapore differs from capitalism in Zimbabwe, which differs from capitalism in Switzerland. Accepting the idea that economies and societies are not filled by abstract but by real entities, one has to refer to concrete coordinates of time and space (Ostrom 2005). If economics rediscovers history, economic theory goes far beyond abstractivism. Taking culture as an analytic variable indicates different settings of norms and related behavior (North 2005, Jones 2006). Culture will serve as framework of rational behavior and is the factor which indicates real societies as opposed to abstract ones (Mayhew 1987). Historian David Landes put it concisely when he said: "Culture makes almost all the difference" (Landes 2000, 2). Figure (2) illustrates how institutional factors and time, space, and culture determine and frame economy and society. We see the three aggregate levels of observation economies in the center of the figure (regional, national, and international level of analysis), and those

three levels are permanently framed, modified and constituted through institutional factors, of which culture is the predominant one. Of course, history and time as the determinants of the “when” and “where” belong to the set of intervening determinants.

Figure 2. Institutional Factors Framing the Economy



Motivation: The Missing Element in Macro-Economics

Another area where mainstream (neoclassical) economics has been attacked fundamentally within its own discipline has been the classic assumptions related to the actor of an homo economicus with inherent strategic-utilitarian goals. Nobel laureate (1978) Herbert Simon coined the famous formulation of bounded rationality. The term has evolved to become a kind of program for diverse arguments against the neoclassical conception of a homo economicus. Simon conducted theoretical studies as well as empirical works and he was one of the first to use large datasets with the aid of computer simulations. Simon contributed widely to decision theory. His principle matter of investigation may be described by the following question: “How do human beings reason when the conditions for rationality postulated by neoclassical economics are not met?” (Simon 1989, 377) Simon criticized a neoclassical model of decision processes, which is based upon the assumption of homo economicus. In contrast, the term of bounded rationality takes into account that (1) agents often act in ways which could be characterized as non-rational behavior driven by emotions; (2) the use of bounded rationality emphasizes that the access to information is limited, since people do not share the same bits of information necessary for deciding among the alternatives in

order to achieve the optimal result; and (3) even in a situation of equally shared information, human beings are characterized by cognitive diversity and also limited skills in evaluating the single best solution in any given situation with the information provided. Although human agents want to come up with rational decisions, they are limited in their capabilities to find and to execute them so that bounded rationalities will take place (Simon 1971). The processes of decision-making are governed by psychological issues to which dimensions such as risk, uncertainty, and complexity contribute (Simon 1972). Lastly, a major source of the phenomenon of bounded rationality is the limited information capacity and the limited speed of information processing. The environment contains too many bits of information so that people have to reduce complexity and related uncertainties in order to arrive at a final decision at all, given limited time to come up with responses (Simon 1962).

According to Simon, “the task is to replace the global rationality of economic man with a kind of rational behavior that is compatible with the processing of information and the computational capacities that are actually possessed by organisms, including man, in the kinds of environments in which such organisms exist” (Simon 1955, 99).

Simon’s suggestion “to turn to the literature of psychology” (Simon 1955, 99-100) was not really taken up on a greater scale until Douglass C. North, Nobel prize recipient in economics in 1993, came up with nearly the same pragmatic formulations:¹

Although I know of very few economists who really believe that the behavioral assumptions of economics accurately reflect human behavior, they do (mostly) believe that such assumptions are useful for building models of market behavior in economics and, though less useful, are still the best game in town for studying politics and the other social sciences. I believe that these traditional behavioral assumptions have prevented economists from coming to grips with some very fundamental issues and that a modification of these assumptions is essential to further progress in the social sciences. The motivation of these actors is more complicated (and their preferences less stable) than assumed in received theory. More controversial (and less understood) among the behavioral assumptions, usually, is the implicit one that the actors possess cognitive systems that provide true models of the worlds about which they make choices.... (North 1990, 17)

More than a decade later, it was George Akerlof, who took up once more the notion of motivation in order to discuss the topic in a framework of macroeconomics. Akerlof works at the level of macroeconomics and discusses motivation in a broad framework related to Keynesian ideas. Rationality of human beings and policy stakeholders, stable systems of preferences and consumption affairs, unintended consequences of social action and the evolution of behavior are topics which are discussed in Akerlof’s works. Programmatically,

¹ For a history of Nobel laureates and their programs see Vane and Mulhearn 2005.

Akerlof (2007) claimed that economics should provide an increased acknowledgement of motivation as a key to the question of why people do what they do. Keynes (1936) referred widely to issues of psychology and social psychology in order to explain economic life in a more sound and appropriate way, and discussed expectations, uncertainties, and “animal spirits” as crucial social dimensions with impact, while Akerlof took up questions about norm regulations and other forms of commitments. In this context, Akerlof explicitly saw a strong impact of sociology to highlight those thematic areas: “Sociology has a further concept that gives an easy and natural way to add those norms to the utility function. Sociologists say that people have an ideal for how they should or should not behave. Furthermore, that ideal is often conceptualized in terms of the behavior of someone they know or some exemplar who they do not know” (Akerlof 2007, 9).

It has been argued that economics should be open to the integration of behavioral and cognitive elements (Akerlof 2007; Akerlof and Kranton 2000; Akerlof and Shiller 2009) in order to assist the movement of economics from the world of abstract modeling to real world phenomena. These voices have evolved to be a credo for a new economics. Daniel Kahneman is a further Nobel laureate in economics (2001), who also has an academic background as a psychologist. Kahneman explains that social action must be interpreted as a kind of choice between alternatives (Kahneman 2003). The word “rational” stands for reasonable in everyday speech, but for economists and decision theorists rational has a different meaning.

“The only test of rationality is not whether a person’s beliefs and preferences are reasonable, but whether they are internally consistent. A rational person can believe in ghosts so long as all her other beliefs are consistent with the existence of ghosts. A rational person can prefer being hated or being loved, so long as his preferences are consistent. Rationality is logical coherence—reasonable or not.” (Kahneman 2012, 411)

It is also interesting to note that Kahneman distinguishes between experience and memory. In short, already Akerlof referred to cultural contexts providing different norms. So, religion and religious identity give us a good example of such norms (Akerlof 2007, 10), which link the discussion more widely to the issue of culture.

As far as Simon’s “bounded rationality” seems to be on the right track, advance can only be measured as a comparison between old and new pieces of discussion. “Animal Spirits” (Akerlof and Shiller 2009) is taking up several questions which were raised by J. M. Keynes earlier. What sounds very convincing and very evident with everyday life observations may seem revolutionary for those who practiced orthodox (neoclassical) economics during most of the twentieth century. The idea that the functioning of the whole capitalist system is heavily based upon sociopsychological foundations has serious implications for the order of academic areas since, then, sociopsychology should be a key driver for economic policy.

Simon's notion of different types of social action and related rationality indicates diverse areas of earlier careful discussion, which now seem to be neglected. In this way, reformulations sometimes come to be celebrated as new inventions.

The growing convergence between economics and psychology has led to the survival of behavioral economics where many established authors are part of textbook knowledge in the domain of economics which criticize central assumptions of neoclassical thought (e.g. Thaler 1994, Thaler 2016). All these developments taken together should not hinder an acknowledgement of the relevance of sociology and history. In sociology, Max Weber was one of the first authors who conceptualized different analytic lenses, providing sense to social action. While Karl Marx and especially Marxist thinking idealized thought and consciousness as a kind of reflex to material conditions in society, which is determined as a one-to-one fit with the relations of production, Max Weber (1972) was led by the idea that consciousness is never right or wrong, but it always has a (relative) autonomy from the status signaled by the regime of the material world. Cultural factors including religion and related dispositions are factors influencing the rationality of social behavior according to Max Weber (Billig 2000). He came up with a typology of social action based upon different sources of legitimation, which are: traditional social action (actions carried out on the basis of tradition and cultural norms); affective social action (actions ultimately based upon emotions); instrumental and purposeful social action (“*Zweckrationalität*”); and value rational action (“*Wertrationalität*”), where the end justifies the means. According to that typology, there is no single type of rationality, but four different types that can each be distinguished as an *Idealtypus*; in practice, they overlap each other, and behavior has different compositions of elements of rationality.

Although Weber had already argued that economics operated with an unrealistic human being analogous to a mathematical *Idealtypus*, economics continued to use the model as a kind of assumption and starting-point for further reflections. Those who really start with Weber will regard Simon as less spectacular than narrow economists did, who had newly learned something. Thinking of rationality as a driver of social action, the implication is not that people can always decipher the individual elements of the forces by which they are driven. Sociology uses the term of habituation, which refers to deeply internalized routines of action, which help to economize everyday life without repeatedly asking for the argumentative legitimation of one's own doing. In that way, habituation acts as an economy measure, since people do not have to newly seek instructions every time, in order to come up with decisions. (Berger and Luckmann 1966)

Social Embeddedness: Social Context Matters

Scientific progress is often contingent and never rational in a sense that it follows arithmetic rules of combinations. The “market” for ideas is not precisely an efficient or perfect market.

Academic progress is also related to a series of mistakes by which intellectual resources are wasted, and as a consequence, there are indeed intellectual gems lying unexploited and waiting for someone to grasp. Marion Fourcade, Etienne Ollion, and Yann Algan (2015) have discussed the “insulation of economics” and relationship of academic disciplines also by throwing light on the different segments within the individual disciplines.

Discussing the seminal ideas by Simon we should try to acknowledge more explicitly the obvious links to social network analysis, which has a strong anchor in the field of sociology, but which has diffused and evolved increasingly towards many further neighboring fields. Bounded rationality is very much to be understood in relation to asymmetric information and complexity. Bounded rationality mirrors the fact that societies, organizations, and economies are fragmented; they are organized along different lines and zones of contact, familiarity, and information exchange. In my view, modern economics could benefit significantly by integrating recent network concepts, which are a fantastic tool to bridge micro and macro perspectives (Bögenhold 2013). “Network models of advantage use structure as an indicator of how information is distributed in a system of people” (Burt, Kilduff, and Tasselli 2013, 529). And social network analysis continues to develop many themes enunciated by pioneering social psychologists.

At its best, social network analysis draws from traditions of research and theory in psychology, sociology, and other areas to describe how patterns of interpersonal relations are associated with diverse behavioral, cognitive, and emotional outcomes. Looking for the future, we are deepening interest in the psychological underpinnings of why some people more than others engage and benefit from the networks of contacts within which they are embedded. (Burt, Kilduff, and Tasselli 2013, 543)

Markets are always in transition, they come up, they go down, and they change. These markets are affected by actors having sets of people they know and whom they trust, while other people may be regarded as hostile competitors. However concrete markets may look, they always have very social traits, and economics would fall short if it did not ask about those issues. Competition processes must also be analyzed and understood as ongoing social processes, which are involved in social structures and which are permanently in processes of reorganization (Burt 1995). The presently existing, largely categorical description of social structure has no solid theoretical grounding; furthermore, network concepts may provide the only way to construct a theory of social structure (White, Boorman, and Breiger 1976, 732). In many respects, network analysis is an excellent exemplification of what the term of social embeddedness can deliver. Network analysis furnishes those popular formulations which have become “economic sociology’s most celebrated metaphor”² (Guillén, et al. 2002, 4).

² The “*Handbook of Economic Sociology*,” 2nd ed. (Smelder and Swedberg, 2005) provides a kind of modern manifesto highlighting different works oscillating between economics and sociology. See also Pressman and Montecinos (1996)

Different capital structures correspond with different network designs and vice versa. Divergent network arrangements provide different opportunities to communicate, to receive information, and to create different structures of cultural capital. Network analysis explores modes and contents of exchanges between different agents when symbols, emotions, or goods and services get exchanged. Pierre Bourdieu's works serve as masterful pieces to demonstrate the "social" in economics (Bourdieu 1983), while distinguishing between financial, cultural, and social capital.³ On an aggregated level one finds social capital as a sum of social network contacts. Most recently, many new studies have evolved here (Christoforou and Davis 2014, Som 2014, Lin, Yang-chih and Chih-jou 2014, and Ostrom 2010) and the term has also become a policy instrument. It refers to political economy and some further distinct thematic areas, but all of the applications are grounded on the premise that the procedures of a complex economic and social life have serious social roots that together constitute a powerful plea for an integrated *socioeconomics* in research and in teaching, which can only be understood as part of an institutional interpretation linking different academic areas.

A point of initial discussion was that up-to-date economics is increasingly willing to open up for topics of cognitive structures and motivation. Economic sociology and economic psychology share many of the motives behind those trends, since the arguments in favor of these trends form the foundations of their own academic identity, but one should be curious as well as careful when observing those new tendencies. Nothing should be taken for granted, but one should always try to see if pieces of the puzzle fit. As ideas about an economy and society *in concreto* are increasingly accepted again, so the relative autonomy of culture and its specification in different historical variations is also increasingly accepted. In cases where one agrees on the formulation that culture matters, one has to agree on the formulation that sociology as the academic domain widely dealing with culture also matters. A plea for the academic existence of sociology must be the ultimate consequence. In particular, historical and comparative sociology, *socioeconomics* and economic sociology and, of course, social network research, prove to be innovative, when highlighting national and international variations and specifics.

The concept of the "social embeddedness" (Polanyi 2001) of institutional actors and human behavior is a common label for approaches that attempt to deal with the interplay of individual and corporate actors in a dynamic and joint process. The impact of such a perspective is that modern economics could be linked with a constructive view that provides a new division of work between economics and the other social sciences (Granovetter 1993). Mark Granovetter's formulation of a "social embeddedness of economic behavior and institutions" (Granovetter 1985, 2017) has subsequently become widely known. A synthesis is sought between conceptions of over-socialized and under-socialized human beings in

³For the convergence between Veblen, Schumpeter and Bourdieu see Bögenhold, Michaelidis and Papageorgiou (2016).

order to articulate a theorem, which takes into account both the determination of society and the relative openness of human activities as a process (Granovetter 1993, 2002). These perspectives were already practiced or theoretically reasoned by Max Weber (Billig 2000) and Joseph A. Schumpeter when he argued in favor of a universal social science (Bögenhold 2014).

Conclusion and Final Thoughts

In general, one can also argue that history, economics, business administration, and sociology should increasingly try to reintegrate, because their topics are among the items in a complex web of reciprocal thematic interaction. The concept of the “social embeddedness” of institutional actors and human behavior is a common label for approaches that attempt to deal with the interplay of individual and corporate actors in a dynamic and joint process. Very many phenomena in economic life are due to social issues and “really fundamental problems of economic growth are non-economic” in nature (Buchanan and Ellis 1955, 405). Social networks, communication patterns, family structures, trust and fairness but also distrust and crime, all these dimensions matter when trying to analyze economies appropriately. Observing a trend of social-scienciation of economics raises chances for all other social sciences to arrive at a more cooperative division of academic cooperation.⁴

Economics is moving increasingly in the direction of social topics and sociological ground. The “imperialism of economics” which is criticized by Granovetter (1993) and claimed by Lazear (2000) goes increasingly towards traditional academic fields of history, psychology, and sociology. The intended direction is not to cooperate on the basis of academic divisions but to take over foreign domains. However, at least two psychologists (H. Simon, D. Kahneman) and an economic historian (R. Fogel) have received Nobel prizes in economics. The public image of sociology may have declined during recent decades, but the strategic use and importance of (economic) sociology has never been greater, even if many stakeholders in sociology are not aware of this. Economic sociology seems to have become an upgraded discipline since social networks, communication processes, institutions and culture are increasingly considered as core dimensions. The reciprocal integration of economy, society and culture (Granovetter 2017) must be better acknowledged in academic reflections of a science of science so that disciplinary authorities will be defined accordingly. *Social-scienciation* is an ongoing process which we can acknowledge in diverse examples in economics and which has serious implications for a new division of the academic landscape.

⁴ Of course, talk about inter- and transdisciplinarity is often more easily spelled out than practically achieved in a controlled manner: “Nothing seems to be less explored and more difficult than to deal systematically with the interaction of different systems either by transdisciplinary studies conducted by individual scholars from one discipline or by interdisciplinary research undertaken jointly by groups of experts from different disciplines, each bringing his own specific language, concepts, and theories to bear upon the common problem. After years of talking about interdisciplinarity, we still lack the appropriate techniques, methods, and attitudes required for such work” (Kapp 1977, 528).

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