

October 11, 2005

Dear ASA,
having been told by the former chair of the Economic Sociology Section that it is the task of the incoming chair to put together the annual report, I have the pleasure of sending you the following material: report of the business meeting, the council meeting, the proposed operating budget, review of the current year's activities and plans for the next year. I have also enclosed a copy of the issues from 2004-2005 of *Accounts*, the newsletter of our section.
Thank you

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ANNUAL REPORT OF THE ECONOMIC SOCIOLOGY SECTION 2004-2005

by
Richard Swedberg,
October 11, 2005

Activities Last Year

The activities of the Economic Sociology Section were mainly centered around the ASA meeting in Philadelphia, while a Newsletter (included) was being produced and the Chair regularly sent messages of importance to the members, such as news about job openings, articles about economic sociology in the press, and the like.

A number of very successful sessions were held at the annual meeting in Philadelphia.

The regular organizer was Bruce Carruthers, and among the many sessions he organized were: "Economic Innovation and Change" (Session 29), "Moral Boundaries and the Economy" (Session 109), and "Economic Networks and Relations" (Session 144).

Thomas Beamish chaired a round table meeting (Session 199) and Nicole Biggart an invited session on the future of economic sociology (Session 474). Especially this last meeting was attended by a huge group of people and contacts have been made to publish extended versions of the talk in a journal as well as shortened versions in the Newsletter of the Section

The Sections's two prizes were handed out in Philadelphia as well. Please find below the name of the prize winners and the motivations for the awards.

1. *The 2004 Viviana Zelizer Distinguished Book Award in Economic Sociology*

Award Committee: Sarah Babb (BC) and Hether Haverman (Columbia University).

Motivation: The winner of this year's *Viviana Zelizer Distinguished Scholarship Award* is "Constructing a Market, Performing Theory: The Historical Sociology of a Financial Derivatives Exchange", by Donald MacKenzie and Yuval Millo, published in the *American Journal of Sociology* in July 2003. Drawing theoretical inspiration from Callons recent work on the performativity of economics, MacKenzie and Millo show that markets are not just socially embedded, but rather are invented by society, and in particular by the economics discipline, which teaches social actors how to behave as market actors. This article substantiates this claim by examining the history of options markets in the Chicago Board Options Exchange. In the 1970s, economists developed theories of how rational economic actors would respond to the incentives of this complicated financial instrument to arrive at a price. Options theory was subsequently described as the most successful theory not only in finance, but in all of economics, based on its ability to explain empirical data. What MacKenzie and Millo show, however, is that options markets did not initially behave in ways that economic theory predicted. They identify a number of factors that eventually brought market behavior into line with the theory; three stand out as particularly important. The first was the liberalization of financial markets, which removed price-distorting state controls on financial markets. The second was that the theory legitimated the practice of options trading, removing its stigmatizing association with gambling behavior. The third was the fact that over time, traders learned the theory of options pricing, and thereby to behave in ways that fit the theory. Thus, MacKenzie and Millos article shows that the discipline of economics is not

a neutral observer of market behavior, but actually contributes to creating it.

2. *The 2004 Ronald Burt Prize for Best Graduate Student Paper*

Award Committee: Michal Frenkel (Hebrew University of Jerusalem) and Sean Stafford (LSE, moving to Chicago University). Motivation: This year's winner is Steve Lippmann (University of North Carolina at Chapel Hill) for his paper: Public Airways, private interests: Competing visions and ideological capture in the regulation of US broadcasting 1920-1934. Grounded in a careful historical analysis and informed by current thinking in economic sociology, this paper examines the early years of the radio broadcasting industry in the US and the ways in which commercial broadcasters influenced the federal radio act, the first regulatory legislation to govern the broadcast industry. The Paper's key argument is that in order to be able to affect state policy, commercial actors should frame their interests, their purposes and their own role in the field in manners similar to the prevailing ideologies of central state actors. The idea of ideological capture that Steve tries to develop focuses on the processes through which corporate interests may influence the state and regulatory agencies. Ideological capture is a weak form of regulatory capture, a term economists coined to describe a situation in which the state comes under heavy influence of an industry it initially set out to regulate. By focusing on the interplay of cultural frames and material interests, Steve offers a theory that takes interest and agency seriously, while also paying attention to the cultural frameworks and legitimacy in organizational action. Our choice ended up reflecting our appreciation for Steve's ability to coherently integrate insights from different literatures and create a truly interdisciplinary project as well as to a graduate student's courage to take a road less taken and develop his own theoretical concepts.

Plans for the Coming Year

Apart from the ordinary activities of the section (publication of the Newsletter *Accounts* and messages from the Chair via the listserv), our activities are centered around what will happen next year at the annual meeting in Montreal. I have, for example, tried to get non-U.S. sociologists to be part of the Montreal meeting and been successful in this. Some further activities that are planned (such as an attempt to raise the number of members) are mentioned in the reports from the council and business meeting respectively.

The following sessions are planned as part of the sessions allocated to the Economic Sociology Section to take place in Montreal:

The invited session is:

Public Sociology and Economic Sociology

Organizer: Richard Swedberg, rs328@cornell.edu. Address: Cornell University, Dept. of Sociology, Uris Hall 328, Ithaca, NY 14853-7601; phone: 607-2554325).

The four open sessions are:

1. Roundtable Session. Organizer: Patrik Aspers, Stockholm University and Max Planck Society, patrik.aspers@sociology.su.se. Address: Stockholm University, Dept. of Sociology, S-10691 Stockholm. Phone: 46-8-163164.

2. Economic Sociology and Political Economy. Organizer: Jens Beckert, beckert@mpifg.de. Address: Max-Planck-Institut f. Gesellschaftsforschung, Paulstrasse 3, 50676 Cologne, Germany. Phone: 49 221 2767-208.

3. Emotions and Rationality in Economic Life. Organizer: Mabel Berezin, mmb39@cornell.edu. Address: Cornell University, Dept. of Sociology, Uris Hall 328, Ithaca, NY 14853-7601; phone: 607-2554042.

4. Entrepreneurship.

Organizer: Michael Lounsbury, Michael.Lounsbury@ualberta.ca; Address: University of Alberta School of Business, Edmonton, Alberta, T6G 2R6 Canada
Phone: 780-492-1684

The Economic Sociology Section “owes” one session to the Sociology of Law Section, which dates back to 2005 in Philadelphia (and which could not be compensated for in Montreal due to late reminder). There will also be a joint session in Montreal that we have “borrowed” from the Sociology of Science Section and which (with the approval of incoming chair Bruce Carruthers) will be returned 2007). This session will be called “Science, Technology and the Constitution of Markets” and it will be organized by Alex Preda from the University of Edinburgh (a.preda@syaffmail.ed.ac.uk).

Besides this, I would like to add that the members of the Economic Sociology Section seem much interested in public sociology, and that I feel committed to support this interest (which has already resulted in some e-mails to section members and the decision to have a session on this topic in Montreal).

Finally, the rules that are being used for the yearly elections of new council members and the like have not been formalized. Typically members are encouraged through messages on the list service to suggest candidates who are then voted on. The person in charge of this procedure for 2005-2006 is Mitchell Abolafia.