

# Society and Economy: Frameworks and Principles: A Book Review<sup>†</sup>

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*Mark Granovetter has written a deep and wide-ranging book on economy and society entitled Society and Economy: Frameworks and Principles. Economists, in particular, will find his discussion on the role of social networks in understanding the problem of aggregation—from micro foundations to large-scale institutional phenomena—especially relevant. And they will find much to ponder over the ways in which overlapping structures—of networks and institutions—shape human behavior and determine aggregate economic outcomes. The high-level and parsimonious style of this book is distinctive and sets it apart from much of contemporary social science. This style and the apparent unwillingness to engage closely with research developments over the past two decades may, however, mean that the book will have limited influence on ongoing and future research. (JEL D02, D90, Z13)*

## 1. Introduction

Mark Granovetter is the author of two of the most widely cited articles in the social sciences.<sup>1</sup> *Society and Economy: Framework and Principles* brings together his major concerns in one place and may be

viewed as a summing up of a lifetime's work in economic sociology.

In this book, Granovetter's aims are ambitious. He writes,

I hope to contribute to an understanding of the economy in a way that transcends disciplinary boundaries and thus have little concern about the intellectual origins of useful ideas ... I confine attention to examples that are “economic” in the usual sense of having to do with the production, distribution and consumption of goods and services—what we call the “hard core” of economic activity. But my goal is not the parallel one of “sociological imperialism,” but rather of understanding the economy with whatever means and ideas are required, from whatever source (2017, pp. 1–2).

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<sup>1</sup> His two papers “Strength of Weak Ties” (1973) and “The Problem of Embeddedness: Social Structure and Economic Action” (1985), both published in the *American Journal of Sociology*, each have over thirty thousand citations according to Google Scholar. These citations compare

favorably with “The Market for Lemons” by George Akerlof (1970), apparently the most cited paper published in the *Quarterly Journal of Economics*.

The discussion is carried out on an abstract plane: there are no pictures, tables, or equations in the book.<sup>2</sup> The combination of overarching themes and a parsimonious style distinguish this book and set it apart from much of contemporary social science. As a result, it brings to mind an earlier age in social science with books like Max Weber's *Economy and Society* and Karl Polanyi's *The Great Transformation*. Indeed, there are references to Weber throughout the text. *Economy and Society* was published in 1922, so around a hundred years ago, and the title of Granovetter's book may be seen as a play on the words in the title of Weber's great work.

Granovetter begins by reiterating the two guiding principles underlying modern economic sociology: the first is the focus on "core" economic activity—production, distribution, and consumption (see, e.g., Smelser and Swedberg 1994). The insistence on core economic activity may be seen as a way to demonstrate the relevance of social relations in the "purest" setting. While making the argument that social relations shape core economic activity is a compelling intellectual strategy, and the book does cover much ground, it does not actually pursue the strategy consistently. Indeed, except for a short discussion on production practices in chapter 5, there is little direct discussion on production, consumption, and distribution. In recent years, a large community of researchers (that includes economists, sociologists, and other social scientists) has studied the role of social relations in shaping these core economic activities. I will present some leads to this work below.

The second principle is an insistence on the importance of intellectual holism. Granovetter is at pains to differentiate his

approach from the traditional economic approach and he argues against the strategy of relying on a single and "simple" explanation for economic phenomena. In this discussion, he makes the important observation that our notion of parsimony depends very much on the "null" hypothesis we form. The null hypothesis determines the level of analysis we favor. He illustrates this point through a discussion of under-socialized versus over-socialized conception of human action. In earlier work, he has argued in favor of an intermediate position: *human agency as something that is exercised in the context of ongoing social relations*. This is an example of the "nuanced holism" that he advocates at different points throughout the work.

Granovetter observes that the under-socialized and the over-socialized conception are similar in a fundamental sense: they both ignore ongoing social relations. The traditional economic approach with its focus on individuals engaged in pursuit of self-interest reflects the under-socialized conception, while the traditional sociological view assumes that individuals pursue lines of action that are suggested by their social roles, and this in turn is an instance of the over-socialized conception.<sup>3</sup>

While this is an intellectually attractive position, it naturally suggests the following question: how should the role of socialization adjust as we move across empirical contexts? It is clear that in some contexts—depending, for instance, on the time frame—a traditional economic approach with its focus on self-interested behavior (where interest is taken as a given) may be appropriate. By contrast, in other contexts, when more

<sup>2</sup>A follow-up book will take up specific cases, such as corruption, to illustrate the ways in which the framework developed here can be applied in specific contexts.

<sup>3</sup>Similarly, he writes that the Hobbesian resolution to the problem of political order reflects the coexistence of an under-socialized and over-socialized conception: "beleaguered citizens, overwhelmed by disorder, surrender all rights to an authoritarian power and then become docile and honorable. They lurch from an under-socialized to a very over-socialized state" (2017, p. 14).

long-term phenomena are being studied, it would be more reasonable to assume that social relations change and that this in turn induces a change in preferences. From a pragmatic point of view, therefore, the extent of socialization would depend on the question being studied. This is an important consideration, and so it is unfortunate that it is not really taken up in any serious way in the book.

Granovetter then moves to the role of mental constructs (such as norms and values) and discusses trust and power. In the discussion on norms he introduces social networks and writes,

Social networks matter because people's point of both social and economic goals invariably involve known others as a significant element. This argument that networks of known others matter and should be analyzed has come to be identified as the "embeddedness" perspective (2017, p. 15).

On the relation between networks and norms, he notes that dense linkages facilitate the sustenance of norms through common understanding and the possibility of more easily enforceable sanctions. He then poses the question as to how norms may be sustained in large networks, as such networks are likely to be sparse. Granovetter argues that for norms to be sustained, large networks must fragment into cliques. He goes on to note,

Social networks play a central mediating role between micro and macro levels, and part of my work here is to develop further some of the ways that networks relate to larger themes in the analysis of societies such as trust, power, norms and values and institutional level of analysis. It is precisely because social networks are important in explaining such concepts that they play an important conceptual role (2017, p. 15).

This view of networks is an important and common thread throughout the work.

Granovetter discusses three dimensions of networks that he labels dyadic, structural, and temporal embeddedness. Dyadic influences refer to pairwise relations between individuals, and the idea is to look at the influence of an individual's immediate connections on his behavior. Structural locates the individual within the overall network of connections. These two aspects of networks have been extensively studied by sociologists and, in the last two decades, have also been extensively studied by economists. I now turn to temporal embeddedness. Granovetter writes,

This is the opposite of temporal reductionism, which treats relations and structures of relations as if they have no history that shapes the present situation. In ongoing relations, human beings do not start fresh each day, but carry the baggage of previous interactions into each new one. Built into human cognitive equipment is a remarkable capacity, depressingly little studied, to file away the details and the emotional tone of past relations for long periods of time ... This refers to the ... discussion of path dependence and extends its purview to the history of social networks (2017, p. 19).

Following on the work of David (1985) and others, path dependence has been widely studied in different contexts, ranging from institutional inertia to technological lock-ins.

Granovetter next turns to the vocabulary of human motivation. Here he discusses instrumental rationality, self and other orientation, and economically and socially oriented action. The distinction between instrumental and noninstrumental action (sometimes referred to as intrinsic) turns on the salience of consequences of action. The distinction between self (or ego) and other orientation is the familiar one of whether individuals care solely about themselves or exhibit some form of altruism. These two aspects of motivation are relatively familiar and indeed have been the subject of a great deal of recent research in economics. In particular, the work on

identity starts from the premise that human behavior is shaped by norms and expectations that are related to notions of social roles (see, e.g., Akerlof and Kranton 2000). The subject of non-ego-motivated actions has received significant attention in recent years following the work of Fehr and Schmidt (1999).

I now turn to economically versus socially oriented action. Granovetter starts by noting that this distinction is very important for him. He writes,

In addition to economic motives, by which I mean quest for wanted goods and services, people in all cultures seek, in varying degrees, the noneconomic goals of sociability, approval, status and power, which are available only in a social context through the networks of others. Given the importance of the social motives, people could hardly be expected to seek their economic goals in an arena utterly cut off from the chance to achieve social goals, as would be the case were economic life impersonal and atomized. It is thus common ... for economic relations that begin in a neutral, impersonal way to develop noneconomic content as people try actively to prevent economic and noneconomic aspects of their lives from being separated (2017, p. 22).

He cites from Emile Durkheim's "Division of Labour in Society" to bring out the antecedents of this point of view.

Even where society rests wholly upon the division of labour, it does not resolve itself into a myriad of atoms juxtaposed together, between which only external and transitory contact can be established. The members are linked by the ties that extend well beyond the very brief moment when the act of exchange is being accomplished ([1893], 1984, p. 173; Grattanovetter 2017, p. 22).

Granovetter goes on to argue that this combination of economic and noneconomic goals suggests that individuals

will prefer to channel their economic activity through networks of friends and acquaintances, where *all goals can be simultaneously pursued*. Separating these goals would be not

only inefficient but alienating. ... That people pursue economic and noneconomic goals simultaneously presents a daunting challenge for economic analysis that focuses only on the economic and for sociological analysis that focuses on the other (2017, pp. 22–23).

I believe that this is an important point: in principle, economic and noneconomic motivations can be accommodated within a general model of behavior. An economic approach will then proceed by considering the trade-offs that arise across different goals. For instance, an important line of recent work in economics proposes a model of decision making in which individual utilities depend on own payoffs and also on the payoffs of others. These payoffs are related using considerations of inequality aversion (see, e.g., Fehr and Schmidt 1999). Granovetter is uneasy about such an approach. He writes,

It is insufficient to characterize the challenge as one of calculating how individuals trade off the noneconomic for the economics outcomes. This may sometimes be apt, but it is misleading to presume that the rational economizing model can be applied to all sets of motives, since some goals are experienced as incommensurable with others and action is not always instrumentally oriented (2017, p. 23).

He then elaborates on this point through the discussion of social networks in labor markets.

There is a wealth of evidence that shows how individuals use social networks to find jobs. This naturally suggests the thought that individuals should make investments to create appropriate social networks, an idea that was originally explored in Boorman (1975). Granovetter argues that a purely instrumental approach to social relations is inadequate. In his view, such an approach overlooks the fact that. . .

people want to be liked and admired. Insincere approval is better than none but pales in comparison to approval without ulterior motive. ... In the normal course of events, as

opposed to the world of social theory, mixtures of motives between economic and social or between instrumental and consummatory activity are routine. For example, people often go to a party with nothing more in mind than having a good time, and yet information about jobs can and does pass among party goers (2017, p. 23).

The idea that human action has complex motivations—involving a mix of economic and the noneconomic—is commonplace. From a pragmatic perspective, however, it is reasonable to proceed by allowing for the mix of motivations and then being open to different combinations being salient depending on the context.

To illustrate this point, I briefly discuss the economic approach to network formation. The general idea is as follows: as networks yield a variety of benefits and advantages, individuals have an incentive to form connections with others to shape the network in ways that are advantageous to themselves. The central role of individual choice in linking suggests that in a model we take into account the preferences, knowledge, and rationality of individuals. This explicit formulation in turn permits the examination of a number of normative questions such as whether the networks that arise are desirable and whether something should be done to modify individual incentives to facilitate the emergence of other (better) networks. A general framework for the exploration of these issues was proposed in Bala and Goyal (2000) and Jackson and Wolinsky (1996). That work made some striking predictions on the topology of networks and on the welfare implications of strategic network formation. As the original formulation on costs and benefits of linking was general, over time, social proximity and other noneconomic considerations have been incorporated to yield a theory for the emergence of social and economic networks.

## 2. *The Role of Mental Constructs*

Chapters 2–4 take up the idea that human behavior is shaped by mental constructs such as norms, trust, and power. Granovetter presents the discussion of these three constructs in a broadly similar manner, and he brings out the point that networks are a major meso-level concept that facilitates the scaling up from local analysis at the small group level toward the macro level.

I start with a discussion of norms. One explanation for norms is that they reflect individual rationality, and an alternative explanation is that they arise out of evolutionary pressures at the collective level. Granovetter is critical of these explanations. He writes,

One thread that runs through these chapters is my profound skepticism that such accounts adequately explain norms, trust, or power and my attempt to develop more nuanced arguments (2017 p. 26).

Let us begin with the basic question of why people conform to norms. A simple explanation would go as follows: people conform to norms because they feel the rewards from doing so outweigh the costs. Granovetter feels that this is an inadequate account because in many everyday contexts, people conform to norms *in spite of the apparent costs and benefits pointing in favor of violation of norms*. In this discussion, he quotes approvingly from the work of Jon Elster, as follows:

Many people would assent to the proposition that self-interest is the cement of society, until they reflect more closely on the implications. Acting according to self-interest means never telling the truth or keeping one's promise, unless it pays to do so; stealing and cheating if one can get away with it ... treating punishment merely as a price of crime, and other people merely as means to one's own satisfaction (2017, p. 29).

The proposition that individuals often conform to norms without consciously



considering the costs and benefits is plausible, but I feel that a specific empirical illustration—such as behavior in bargaining games—would have been more compelling. Instead, Granovetter opts for a general and abstract discussion.

Moving on, Granovetter discusses the role of emotions such as guilt and shame in sustaining norms. He then goes on to say,

If we accept the importance of emotions in the understanding of norms, we have only come part of the way. For while the psychology of emotions is an important part of fuller explanation of norms at the level of individuals, we need to move up in a more macro direction to understand better why some social situations *elicit* the strong emotional responses that they do (2017, p. 30).

The strength of emotional responses appears to depend on the social context—the potential and actual reaction of others who observe what we have done. This brings us to the issue of who the others are that matter. One way to take this forward is through the concept of a “reference group.” Close-by others such as family members, neighbors, or colleagues would appear to constitute the natural reference group. However, it may well be that it is not just the current “neighborhood” of contacts that matters, but also groups that a person seeks to join. This leads to the idea that it is not just small, close-knit groups that matter but the general social structure of connections and associations.

To illustrate this issue of how norms may scale up in a society, Granovetter turns to the subject of “moral economy.”<sup>4</sup> Scott (1976) studied norms of subsistence within rural communities in Southeast Asia. Granovetter quotes at length from Scott:

<sup>4</sup>The term “moral economy” was coined by E.P. Thomson to understand popular protests against price rises in seventeenth-century rural England.

The principle which appears to unify a wide array of behavior is this: ‘All villagers will be guaranteed a minimal level of subsistence niche insofar as the resources controlled by villagers make it possible.’ Few village studies of Southeast Asia fail to remark on the informal social controls which act to provide for the minimal needs of the village poor (2017, p. 50).

Scott argued that the “right to subsistence” is an active moral principle in the rural village economy.

In his book, *The Rational Peasant: The Political Economy of Rural Society in Vietnam*, Popkin (1979) argued that Scott’s account was misleading. In particular, he presented evidence to show that villagers were continuously seeking to improve their status through private investments. Thus, peasants were rational in the sense of comparing costs and benefits and trying to do the best for themselves. Granovetter suggests that an accurate theoretical account for peasant behavior probably falls somewhere between the two polar cases of being purely morally determined and being guided by a comparison of private costs and benefits. And he goes on to write,

What we need is a more nuanced and detailed account of the circumstances under which moral economy norms are, in fact, felt and practiced by peasants and landlords alike. Because Scott and Popkin are preoccupied with showing that they are always or never are, they do not notice that in both their accounts lie the beginnings of an argument about such variation. Such an argument lies at the meso level (2017, p. 52).

Granovetter uses this observation as a stepping stone to discuss correlations between moral economy and stable patterns of social ties. He concludes the discussion as follows:

Two critical points I have argued thus far are that it is misleading (1) to analyze the origin or functioning of single norms in isolation,

since they are typically closely related to other norms ... and (2) to suppose that norms operate effectively only in small localized social networks. These points lead us to analyzing norms as elements in larger conceptual constructions that occur in a larger social framework. How to understand the way that these constructions influence behavioral patterns in the macroeconomy may be the difficult analytical problem we face, and I note here and in the chapters on trust and on power the hazards of simple extrapolation of small-scale regularities to large-scale patterns without a careful analysis of mediating mechanisms (2017, p. 55).

This discussion motivates the following general question: how do norms from small, close-knit communities scale up to the macro society level. Granovetter suggests that by connecting small communities into a larger whole, the structure of social networks probably plays an important role. This is a recurring theme in the discussion on norms, trust, and power. Granovetter discusses the well-known small worlds model of Watts and Strogatz (1998) to reconcile network closure, limited connections, and bridges across communities.

I round off this discussion by drawing attention to some prominent pieces of research on the themes identified by Granovetter.

First, there is a rather large literature on social capital that is intimately related to questions of norms and trust. The concept of social capital was originally proposed by Pierre Bourdieu and James Coleman in sociology and by Glenn Loury in economics.<sup>5</sup> Some of the early work of Coleman (1988) on social capital—on the uses of network closure—is an attempt at addressing this problem. Over the years, a vast literature has developed that studies ways of formalizing the concept and of delineating its relation with education and human capital, the functioning of labor markets, and more

generally productivity and economic growth. For recent research on these issues, see Bala and Goyal (1998); Brock and Durlauf (2001); Gagnon and Goyal (2017); Goyal (2017); and Jackson, Rogers, and Zenou (2017). More specifically, Morris (2000); Jackson, Rodriguez-Barraquer, and Tan (2012); and Karlan et al. (2009) have identified features of networks that help sustain norms. In the context of economic development, Munshi (2014) provides a survey of the role of caste and community networks in shaping core economic activity such as the allocation of investment, schooling choices, and immigration patterns.<sup>6</sup>

I would also like to mention the large body of economics research on informal risk sharing in developing countries, as it is closely related to the discussions surrounding moral economy. This literature examines the theoretical limits of informal sharing arrangements and assesses the empirical evidence on the extent of risk sharing in village economies (see, e.g., Kocherlakota 1996; Townsend 1994; and Ambrus, Mobius, Szeidl 2014).

### 3. *Institutions and Human Behavior*

Chapters 5–6 discuss the ways in which human agency interacts with higher level structures such as institutions. This discussion is fascinating and, in my view, raises some very interesting questions that should inform future research.

Granovetter motivates the discussion on institutions with the observation that an essential ingredient in the scaling from the micro to the macro is the role of social institutions.

And we need always to keep in mind, as I emphasized in the preceding three chapters, that as important as what happens to individuals

<sup>5</sup>For an excellent overview of the early work in this field, see Dasgupta and Serageldin (1999).

<sup>6</sup>For broad overviews of the research on social networks in economics, see Goyal (2007), Jackson (2008), and Vega-Redondo (2007).

and small groups is, as important norms and cultural elements may be, neither individuals nor norms can exist or be understood without discussion of their larger social context and the structures that emerge from the interaction and aggregation of these elements. This leads to a consideration of social institutions (2017, pp. 136–37).

There is a large literature on institutions with its own terminology and conceptual framework. Granovetter discusses institutional logics at different levels ranging from a single industry to the national level. Building on Mahoney and Thelen (2009, p. 4), Granovetter defines institutions as

relatively enduring features of political and social life (rules, norms, procedures) that structure behavior and that cannot be changed easily or instantaneously (2017, p. 136).

Granovetter draws on DiMaggio and Powell (1983) to discuss institutions at the industry level. The issue here is how organizations within an “industry” come to adopt a shared perspective on appropriate practice. The institutional theory of organizations argues that early adopters are careful about the efficiency aspects of a practice, but that once it is accepted, widespread adoption becomes detached from economic consequences and is more driven by a sense that a particular practice is more legitimate. Granovetter argues that institutional logics at the industry level are spread by consultants and professionals, and centralized human resources play a key role in this process. So organizations adopt modes of practice based on legitimacy of dominant organizations, rather than from an explicit consideration of what is efficient. This is reminiscent of Nelson and Winter’s (1982) evolutionary theory of organizations.

A central issue is how the institutional logic changes: in principle, this change can be mainly driven at an industry level or it may be an aspect of a larger societal-level

transformation. Granovetter uses this as a point of departure to discuss the spatial dimension of institutional logics. Here he takes up regional and national cultures.

I briefly discuss regional culture. Granovetter mentions two well-known examples: Third Italy (neither North nor South) and Silicon Valley versus Route 128 (in Massachusetts). The literature has tended to highlight the distinctiveness of these regional cultures. Granovetter suggests that these distinctions may be too facile: so, for instance, in the case of the contrast between Silicon Valley and Route 128, the traditional view has been that small flexible firms and permeable boundaries between firms are distinctive of Silicon Valley. Granovetter points out that large firms such as Apple, Google, and Hewlett-Packard too are central to the success of Silicon Valley. These large firms resemble the relatively autarkic large firms on Route 128. This leads Granovetter to suggest that regional cultures arise out of efforts by individual actors to use different cultural, structural, and normative patterns to solve specific problems.

Elaborating on this view, he suggests that

despite the value of arguments about the institutional logics or economic cultures of regions or nations, our enthusiasm should be tempered by how deterministic they are and how little attention they afford to the role of active agents who may be able to create politics and structures that do not look plausible in the context of what informed actors think they know about logics or cultures (2017, p. 154).

By way of illustration, Granovetter discusses the view that some cultures are predisposed toward modernization while others are inclined to remain traditional. He then goes on to argue that active and nuanced national policy may achieve results that may have appeared unlikely. He mentions the example of industrialization of South Korea



as a leading example. This discussion suggests that

in any social setting, more than one institutional pattern may appear relevant to the same set of social activities, and actors implicitly or explicitly need to sort out what is the appropriate pattern they should call on for guidance. This multiplicity of institutional guidance is quite common and presents another reason why it is so important to consider the thought processes and active consideration that actors give to problems they face (2017, p. 170).

The last chapter in the book is concerned with how individuals “choose” between different “approaches,” with approaches here being seen as a way of talking about institutions. Three ways of using institutions as ways of solving a problem are discussed: one, individuals compare alternative approaches from different institutional arenas and decide on which is appropriate; two, they can transpose an institutional form from one domain to another; and three, they can mix and match and combine elements from a variety of institutional approaches. I take them up in order.

Granovetter starts with the example of a Wall Street executive who is established as a hardworking and brilliant financial analyst. This executive, however, also has a suburban spouse and children: there are pressures on her to reallocate her time away from lower Manhattan to the family sphere. Granovetter goes on to discuss the “role conflict” this gives rise to, and draws attention to the intersection of two institutional domains that make competing demands on the executive: economic and professional on the one hand and family sphere on the other hand. This simple example brings out an important overlap between

institutions and role identities, as the most important norms of an institutional sector are typically those that specify proper behavior and responsibilities for its various role incumbents, consumers and workers in the economy, parents, children and spouses in the family, citizens in the polity (2017, p. 174).

This preliminary discussion provides a background for the transportation of logics across institutional boundaries. Granovetter writes,

In some situations, actors with an economic problem to solve may not see any obvious institutional pattern that offers guidance and instead analogize their problem to one of a different institutional kind that does have culturally understood patterns of action and transpose these for an economic purpose. In other words, the pragmatic actor with problems to solve does not have a limitless number of templates to draw on, and one way to approach a new problem is to transfer a template from another institutional setting, which is to say, a different aspect of their own lives (2017, p. 175).

By way of illustration, Granovetter discusses the case of South Korea: building on the work of Chang (1999), he discusses the influence of family and kinship institutions in Korea—in particular, the practice of the oldest son inheriting everything (primogeniture)—in the emergence of the chaebol. Specifically, Granovetter argues that the political upheaval in 1961 was a critical stimulus for relations from the familial domain to be transposed to that of firm organization in a way that transformed the Korean economy.

Granovetter then takes up the use of multiple institutional frameworks. He starts on a note of caution: individual actors may often make use of institutional frames, but that this use may be as much due to deliberate and conscious thought as it is an outcome of cognitive schemata that are triggered by specific circumstances.

And he draws on the work of Padgett and Ansell (1993) to discuss the rise of Cosimo de' Medici in fifteenth century Florence. Medici had interests in several institutional contexts that spanned the financial, familial, and political spheres. Padgett and Ansell suggest that he developed a “multivocal” and “sphinxlike”

style: this obscured the interests he was pursuing at any point. This created room to maneuver for himself, as the different constituencies could not find a specific domain of disagreement. Moreover, the groups from different domains could not coalesce because their divergent origins made them socially incompatible. The authors argue that Medici appeared to instinctively straddle the different domains and that this enabled him to effectively marshal resources from them.

A major issue concerns the scope of intentionality and deliberate choice by actors. This is a difficult issue as we need a way to conceptualize the role of agency in the presence of institutional approaches and norms. Granovetter proposes the following strategy:

I argue that the way to thread this needle is to analyze for a country or region what the likely alternative frames or “logics” are that actors are likely to choose among in organizing economic activity and that seem conceptually available, determine the extent to which they are separate and autonomous from one another or overlap, explain how this particular range or “menu” of options arose, and theorize the process by which actors assemble solutions for the economic problems they face from among the available materials—that is, to understand what in the social and economic environment keys actors into the frames or logics that they do use (2017, p. 192).

Granovetter devotes a significant portion of his book to a consideration of power and the role of overall institutions. My concern is that it is difficult to see how the ways in which power and institutions shape human behavior can be elaborated without an explicit consideration of politics and the role of the modern state. The connection between social relations and the form of government is a central theme in de Tocqueville (2002) and Polanyi (1944). In more recent years, following on the work of Putnam (1993, 2000), there is a very active field of research on the relation between social structure and politics. And of

course I should also add mention of the work on the role of institutions by economists—see, e.g., Acemoglu and Robinson (2012) and North (1990). I believe that it would have been helpful to have in the book an elaboration of how these perspectives on social capital, politics, and institutions compare to the framework that Granovetter is putting forward.

#### 4. *Concluding Remarks*

Granovetter is explicit in his goals for the book. On page 2 he writes, “I confine attention to examples that are ‘economic’ in the usual sense of having to do with the production, distribution and consumption of goods and services—what we call the ‘hard core’ of economic activity.” And he articulates what he sees as the achievement of the book as follows:

And so what I hope to have done here is to present informed researchers with an assemblage of crucial concepts that must be combined in ways that particular cases dictate with the larger goal of creating generalizations that will inform future theory (2017, p. 204).

Over the past three decades, a large research community spanning several disciplines (that include computer science, economics, and sociology) has studied how human behavior is shaped by overlapping structures of networks and institutions. Within economics, this research has tackled traditional questions (that relate social networks to the diffusion of technologies, with the functioning of labor and product markets, crime, health, and education) and posed substantively new questions (on the formation of social, economic, and technological networks). For an overview of common themes of research spanning sociology, computer science, and economics, see Easley and Kleinberg (2012); for an ambitious attempt at combining methodological individualism with sociological insights,

see Coleman (1998); and for an overview of recent work on social networks in economics, see Goyal (2017) and Bramoullé, Galeotti, and Rogers (2016).

This research locates many of the concepts discussed by Granovetter within formal mathematical models and then estimates their quantitative significance using experimental and observational data. At various points in the book, Granovetter takes issue with the methodology of this approach. Toward the end of the book, he says:

The detailed historical, cultural and at times ethnographic work that this entails, in addition to the more typical statistical analysis of data, which remains critically important, is harder work than to spin abstract models from abstract principles and then assert that the relevant data from a case can be fitted to the model with suitable mathematical skill. I do not underestimate the value of imaginative and well crafted models in helping to illuminate economic life, as this seems clear and amply demonstrated. But in the end, our understanding of the economy needs to combine both of these types of styles of research and learn how they can inform each other (2017, p. 205).

However, at no point in the book does Granovetter offer a systematic account of this recent body of research. What are its shortcomings? How can they be overcome through a consideration of alternative methodology? This is a wide-ranging and deeply thought through book, but on these questions, Granovetter has little to say. In the end, an unwillingness to engage closely with recent research developments will limit the capacity of his book to shape ongoing and future research.

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