

ON ALEJANDRO PORTES: ECONOMIC SOCIOLOGY. A SYSTEMATIC INQUIRY (Princeton: Princeton University Press, 2010. 320 pp.)

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Alejandro Portes (Princeton University) in his volume “*Economic Sociology. A Systematic Inquiry*”, seeks to address various challenges facing the discipline of economic sociology with the goal of mapping its potential future direction. It delivers a substantial and critical review of economic sociology literature from recent decades and selects congruent, “working” and at the same time forward-looking elements to demonstrate the application of “economic sociology tools” through applying them in “strategic research fields”. It does so in order to encourage the framing of future (mid-range) theoretical works.

Portes’ admitted motivation for publishing this volume was to put forward an alternative way of proceeding with economic sociological analysis, one which contrasts with those that “*consist[...] largely of exegeses of the classics, repetition of one of the founding notions of the field*” (p. xi, italics in original), and to look for ways to make theoretical progress. Indeed, a strong motive, forcefully argued. In this review we summarize his line of reasoning and then conclude that the volume, even if it does not conceptualize a paradigm shift in economic sociology, will considerably influence economic sociological thinking by offering showcase examples of the distinctions between analytical levels and methods, and support for of a more widespread use of mid-range theories in the discipline.

The book is organized as follows: Chapter One summarizes past achievements and present challenges and is then followed by an introduction of “assumptions that ground the field” (p.10), which are the three conceptual pillars Portes finds most relevant in economic sociology. Chapter Three

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accommodates an elaboration of the first of the conceptual pillars; namely, social capital. Chapter Four deals with a review of various concepts of institutions as the second conceptual pillar, and Chapter Five and Six are dedicated to social class as a third relevant paradigm in social economy. The next three chapters deal with “strategic research fields”: specifically, with informal economy, with ethnic enclaves, and with transnational communities. These strategic research fields represent “cases” for the application of the framings proposed in Chapters Three to Six. Chapter Ten concludes by claiming that meta-assumptions about embeddings, self-fulfilling prophecies and power can be transformed to mid-range theories which can sufficiently serve the goals of economic sociology.

This review will try to follow Portes’ line of reasoning (and the above-described structure of the volume) and in doing so acknowledge the clarity and the brilliant structure of the analysis and the richness of reflections. A great strength of this volume is that it makes a *distinction* between the meta-concepts, the tools to frame analysis, and the research sites, the blurring of which is all too common in some recent readings. The book also delivers clear cut cases of how to countervail such incomplete attempts at analysis as evident in recent economic sociology publications.

Portes places economic sociology into the range of disciplines with no overarching narrative, but considers that it is being cultivated as a framework with no clear understanding of its constitutive elements. These elements are the three meta-principles or meta-assumptions of: (1) socially oriented economic action and the unexpected consequences of purposive actions and power; (2) the explanatory mechanisms of social capital, social class and social institutions; and, (3) the strategic research sites which refer to ‘ideal types’ of informal economy, ethnic enclaves and transnational economies.

Portes finds it crucial to stress that all three meta-assumptions are important requisites of economic sociology, whilst in recent years it has been (nearly exclusively) the concept of embeddedness that has served as a basic position. Embeddedness expresses that rationality is qualified by the fact that individuals do not act in an atomized way. Drawing on Weber’s theory of action, which distinguished between actions guided by habits, emotions and deliberate pursuit of goals (either individual or value oriented), he develops further arguments to demonstrate that “*socially oriented economic action* is not an explanatory mechanism but an orienting strategy – a meta-assumption” (p. 16, italics in original), which has been further elaborated by Polányi in his concept of integration and Granovetter’s embeddedness paradigm; the latter, as Portes claims, has “relaunched economic sociology” (p. 19).

The second orientation he puts under the microscope is the unanticipated

consequence of rational action which has several variations, among them that thematized by Merton as self-fulfilling prophecy. He further reviews earlier theories - for example, the "Hidden Abode", broadly used by Marxist and neo-Marxist theoreticians, the phenomena dealt with extensively by Durkheim and the shifted goals' pattern as ascribed to Weber in his classic thesis of how Puritanism has resulted in economic behaviour that was crucial for the development of capitalism.

The third strand of meta-assumptions Portes identifies is power. Power was central to several theories (for example those of Weber, Durkheim, Marx, Bourdieu and Gramsci), all of whom identified different resources of power, the sustaining of which has been a central theme for numerous analyses in the history of sociology.

After having analyzed the historical appearance of the three above-mentioned meta-assumptions, Portes turns to elaborating explanatory mechanisms, which are distinct from meta-assumptions foremostly because they can be measured and their consequences can be tested (p.27).

The first explanatory mechanism is social capital; that is, "the ability to gain resources by virtue of membership in networks or larger social structures" (p.27). There are several concepts of social capital, originating in Bourdieu's and Coleman's theoretical frame, which have been further developed – as Portes shows – into at least three major strands of understanding: (1) as a source of social control; (2) as a source of family mediated benefits; and, (3) as source of resources mediated by nonfamily networks (p.29), mainly as the property of individuals or small groups, or, as put forward by Putnam later on, even into a sort of stock possessed by cities or nations that can be built upon in their course of development. All this has resulted in the "present state of confusion about the meaning of the term" (p.30), and in much circular reasoning.

Portes suggests returning to Bourdieu's definition and looks for resources that contribute to social capital. Through a review of various positions developed by Coleman, Wrong, Simmel, Homans, Marx and Durkheim, he concludes that there can be consummatory and instrumental motivations, or, in other contexts, solidarity (bounded solidarity if it is linked to a certain situation) and (enforceable) trust. Social capital, however, does not result only in positive outcomes. As Portes summarizes: restricted access to opportunities and individual freedom, excessive claims by team members and downward leveling norms show the downside of social capital. Examples by Waldinger, Geertz, Granovetter, Simmel, Rumbaut and Bourgois are cited here to illustrate such mechanisms at work. On the contrary, however, social control via norm observance, family support and other, network-mediated

benefits can have a positive impact (p. 34). Several case studies are cited to demonstrate how widely such a conceptualization of social capital has been applied (for example see Min Zhou, Coleman, Granovetter, Nan Lin, Carol Stack, etc.).

Portes concludes the third chapter by linking the meta-assumption of unintended results with social capital by conceptualizing it as “the tense world of social capital” (p. 45) and advocates for a critical application of this “double edged” concept. He also gives a warning to those “who insist on the unmitigated celebration of community” (p.46).

The second explanatory mechanism identified by Portes is the concept of institutions. He describes this area as a field that has been growing and diversifying in the past decades, leading from interdisciplinary approaches to some vague definitions. Important, however, is the repeated distinction and analytical separation between two organizational principles in society, the first being culture that comprises the symbolic elements of social interaction, the second being social structure, which is “composed of actual persons enacting roles organized in a status of hierarchy of some kind” (p.51). In this chapter – among others – Portes concludes that there are several sets of forces that can transform institutions: besides path dependence which produces evolutionary change and diffusion, technological breakthroughs and charismatic prophecy and inter-elite and class struggles can induce change; the latter even “profound social change” (p.67).

The third large realm of explanatory mechanisms proposed by Portes concerns social class. He observes a move from the ‘stigmatized’ Marxist (and less stigmatized, but also out-of-fashion Weberian) theory of class to an application for which he can hardly find any *raison d’être* (p. 72). To understand how this shift occurred, he reviews various cases of “fallacies” of the concept in recent research: realist research (referring to works which deal with how “the” class never gained the protagonist role it should have); the discussions about classlessness (which forget, for example, that immigration does not only influence income and occupation structure, but also the power of these groups); and works which make the reification fallacy in largely dealing with proving the relevance of Marx’ theory in contemporary settings.

Portes asserts that there are a few robust elements of class analysis that make it indispensable for economic sociology. He identifies several of these insights and makes a plea for more “class” because: (1) one has to go beyond surface phenomena, hence there is a deep structure of inequalities; (2) classes are not just “gradational” positions but also have relationships with each other; (3) classes have different access to power; and, (4) class positions are transmissible across generations (p. 79). By providing an illuminative class

concept based on the description of the American class structure and the influence of immigration (and in the sixth chapter of the book, the changes in the economy in Latin America), Portes demonstrates the validity and empirical applicability of such a conceptualization.

After having examined “a set of three midrange ideal types that function as explanatory tools for economic sociology” (p.130), in Chapters Seven to Nine, Portes turns to investigating three strategic fields: informal economy, ethnic enclaves and transnational communities, in order to “illustrate, with clarity, the ways in which sociological concepts can be used for the study of economic phenomena” (ibid.).

A showcase analysis of informal economy is used to illustrate that social embeddedness is a useful meta-assumption, and that informal economy is a “constructed response by civil society to unwanted state interference” (p. 158) and illustrates how informal economy can result in the stabilization of class structure by contributing to lowering the costs of consumption and increasing (in)formal labour employment. His analysis of ethnic enclaves and middleman minorities demonstrates the application of the concepts of social class and social capital, and of informal economies. This brilliant case-study of Jewish and Japanese minorities who arrived in several waves to the East and West coasts of the US illuminate how enclaves as “shortly lived phenomena” do not turn into permanent organizations (and hence the phenomenon represents the opposite of institutionalization) (p. 186). Transnational communities as presented as the third research topic is connected with the ideal types of social capital and social institutions and is linked also to some lessons about the analysis of the informal economy. Based on several previous case studies relating to remittances, Portes explains phenomena relating to economic transnationalism with the help of social status/class and the social network argument and shows the relevance of unintended results and power as meta-assumptions at work (besides embeddedness).

In Chapter Ten, the conclusive chapter, Portes claims that meta-assumptions can be transformed to midrange concepts, under some constraints. For several reasons Portes finds that Polányi’s embedding concept was more incorporable and measureable than Granovetter’s. He adds that power (as well) can be brought down to be tested empirically – and hence, these assumptions can be ‘at work’ rather than serving as ‘causes’ or ultimate explanations. To conclude, Portes hopes to move economic sociology forward by showing that meta-assumptions can serve as explanatory and predictive frameworks rather than findings that will last as final conclusions of economic sociology for good. He claims that the new theoretical program of economic sociology should be:

“[p]utting to use the explanatory concepts of the field in specific areas of the economy and developing, in the process, new propositions and theories; [u]sing these empirical explorations to modify, retain, and extend the scope of existing ideal types; [d]eveloping new such concepts, thereby increasing the explanatory power and reach of the field; [i]dentifying new strategic areas where the perspective and conceptual tools of economic sociology can be fruitfully applied” (p. 234)

Portes' volume takes the reader on a journey where, through a critical reexamination of works of scholars of the general discipline, he illuminates the selection of (baseline) conceptual pillars in order then to demonstrate the applicability of this approach to selected research topics. Even if, despite the broad range of frameworks and theories Portes includes, some readers might find his approach overly selective in geographical terms and/or paradigms, all in all, this does not necessarily detract from the added value of the volume to recent economic sociology literature.

Findings presented in the volume will not only help structure researchers' ways of thinking, but also fructify fields of research that go beyond the ideal types selected by Portes. For students, this volume might help in the pleasant rediscovery of the founders of sociology through examples of the application of their paradigms in the analysis of contemporary social problems, whilst for other more experienced readers it may serve to pinpoint contemporary caveats with analysis in economic sociology – for example, why to re-incorporate stratification and class perspectives into the discipline. Portes' book might also be a useful resource when analyzing the concept of case studies.