

# **Economy and Society 1**

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The main purpose of the course is to demonstrate how the social pre-conditions may both limit and stimulate economic change from non-market to various types of market economy, and how some economic choices induce social costs and gains while some other choices induce other costs and gains. The course aims at analysing the social factors in play during Central and East European transformation in the light of more universal theories and concepts.

The course focuses on interdependence between economic system and social systems at the time of deep and often radical change in the region. The theoretical approaches of economic sociology including those dealing with group interests, path-dependency, corporatism, rational choice and the institutional approach, will be discussed together with empirical evidence from transforming economies of Central and Eastern Europe. This will help to explain the interplay between the factors promoting the changes and the factors constraining them.

Two levels of analyses will be considered: macro-level of economic and social system, and micro-level of economic and social actors like: households, firms and trade unions. The interplay between the two levels and specific role of the state will be displayed.

It is expected that at the end of the course the students will be grunted with, and be able to demonstrate, a detailed understanding of major terms of economic sociology, like vested interests, social institutions, market regulation, economic relations and their social embeddedness, rational choice and its limitations, shadow economy, non-market economic relations, etc. The expected outcome is also the understanding of general co-existence and co-determination of the economic and social spheres of any economic process, in particular, at the time of deep transformation. Students are expected to follow the set of common readings from the syllabus, to give oral presentations, write reaction papers and prepare term essay (ca. 3000 words).

### ***1.The sociological perspective on the economy***

#### **Readings:**

N.J.Smelser & R.Swedberg, The sociological perspective on the economy, in: N.J.Smelser&R.Swedberg (eds.), The Handbook of Economic Sociology, Princeton University Press, Princeton NJ, 1994, pp. 3-26.  
P.DiMaggio, Culture and economy, in: Smelser & Swedberg (eds.) The Handbook..., pp.27-57.

### ***2.Evolutionary theorizing versus rational choice theory***

#### **Readings:**

R.R.Nelson, Evolutionary theorizing about Economic Change, in:Smelser & Swedberg (eds.) The Handbook..., pp. 108-136,  
J.S.Coleman, A rational choice perspective on economic sociology,in:Smelser & Swedberg (eds.) The Handbook..., pp.166-180.  
R.Swedberg, M.Granoveter, Itroduction, in M.Granoveter, R.Swedberg (eds.), The Sociology of Economic Life, Westview Press, Boulder, San Francisco, Oxford, 1992.

### ***3.The party-state economy and its social mechanisms***

#### **Readings:**

L.Balcerowicz, Socialism, Capitalism Transformation, CEU Press, Budapest, London, New York, 1995, pp. 1-58,  
Federowicz, Poland's Economic Order, Friedrich Ebert Foundation, Warsaw, pp. 7-37,  
J.Szelenyi, K.Beckett and L.P.King, The socialist economic system, in:Smelser & Swedberg (eds.) The Handbook..., pp. 234-254.

### ***4.The party-state and socialist enterprise***

#### **Readings:**

M.Federowicz, Poland's..., pp.38-76,  
L.Neumann, Decentralization and Privatization in Hungary: Towards Supplier Networks?,(mimeo)  
W.Pańków, Work Institutions in Transformation, Chapter 2, pp. 30-47.

### ***5.Sociology of market economies-political economy approach***

#### **Readings:**

P.Hall:Political economy of Europe in anEra of Interdependence, (mimeo)  
R.Swedberg, Markets as Social Structures, in: Smelser & Swedberg (eds.) The Handbook..., pp. 255-282

## ***6. Understanding “shock” between real socialism and market economy***

### **Readings:**

A.H.Amsden, J.Kochanowicz, L.Tylor, *The Market Meets Its Match*, Harvard University Press, Cambridge, London, 1994, : Chapter 1 and 2, pp. 1-49,  
L.Balcerowicz, *Socialism.....*, Chapters: 12, pp.202-231, (and 13 recommended, pp.232-269)

### **Recommended readings:**

J.L.Campbell, O.K.Pedersen, *The evolutionary Nature of Revolutionary Change in Postcommunist Europe*, in: J.L.Campbell, O.K.Pedersen (eds.), *Legacies of Change: Transformation of Postcommunist European Economies*, Aldine de Gruyter, New York, 1996, pp.207-249,  
J.Sachs, *Understanding “Shock Therapy”*, (mimeo)

## ***7.Economy and social interests***

### **Readings:**

M.Granovether: *The nature of economic relationships*, in:R.Swedberg (ed.): *Explorations in Economic Sociology*, Russel Sage Foundation, New York, pp.3-39  
O.K.Pedersen, K.Ronit, I.Suchij: *The State and organized interests in the labor market: Experiences from Postcommunist Europe*, in: J.L.Campbell, O.K.Pedersen (eds.): *Transformations of Postcommunist European Economies*, Aldine de Gruyter, New York, 1996, pp.109-137.  
W.Adamski: *The Dynamics of Group Interests in the Privatisation Process*, in:EMERGO, journal, vol.4 No. 1, pp.51-60

## ***8.Economy and social structure***

### **Readings:**

S.E.Shanahian, N.B.Tuma: *The sociology of distribution and redistribution*, in: N.J.Smelser, R.Swedberg (eds.), *The handbook.....*,(pp.733-766)  
H.Domański: *Two transformations and social mobility*, in: *On the verge of Convergence*, CEU Press 2000  
J.Alber, U.Kohler: *The Inequality of Electoral Participation in Europe and America and the Politically Integrative Functions of the Welfare State*, in: J.Alber, N.Gilbert (eds.): *United in Diversity? Comparing Social Models in Europe and America*, Oxford University Press 2010, Oxford-New York

## ***9.The informal economy***

### **Readings:**

A.Portes: The informal economy and its paradoxes, in: N.J.Smelser, R.Swedberg (eds.)

The handbook..., pp.426-453

I.R.Gabor: Modernity or a New Kind of Duality? in:J.M.Kovacs (ed.):Transition to Capitalism, Transaction Publishers, 1994, pp.3-21

J.M.Kovacs: Introduction in: as above, pp. XI-XXIII

## ***10.Consumers, citizens and employees: social actors in the economy***

### **Readings:**

J.Frenzen, P.M.Hirsch. P.C.Zerillo: Consumption, Preferences and Changing lifestyles, in: N.J.Smelser, R.Swedberg (eds.): The handbook..., (pp.403-426)

A.Rychard: Entrepreneurs, Consumers, and Civility: The Case of Poland, in: V.Perez-Diaz (ed.): Markets and Civil Society. The European Experience in Comparative Perspective, Berghahn Books, New York-Oxford, 2009

## ***11.The limits of economic rationality***

### **Readings:**

S.Macouley: Non-contractual relations in business: a preliminary study, in:H.Granovetter, R.Swedberg: The sociology of economic life, Westview Press, Boulder, 1992

B.Misztal: Trust in modern societies, Policy Press, 1996, Chapter 1 (pp.12-33)

G.J.Miller: Managerial Dilemmas: Political leadership in hierarchies (plus comment), in:K.Schweers Cook, M.Levi (eds.):The limits of rationality, The University of Chicago Press, 1990, pp.324-358

## ***12.Politics, the economy and society: how they interrelate?***

### **Readings:**

F.Block: The role of state in the economy, in:N.J.Smelser, R.Swedberg (eds.): The handbook..., (pp.691-711).

G.Esping-Andersen: Welfare states and the economy, in:N.J.Smelser, R.Swedberg, (eds.): The handbook..., (pp.711-732).

B.Greskovits: The Political Economy of Protest and Patience, Central European University Press, 1998, Chapter 10, pp.177-189

Recommended: A.K.Koźmiński: How It All Happened, Ch. 2, Difin Publishers, 2008, Warszawa

### **Office hours:**

**A. Rychard: Thursdays 15:00-17:00, room 150 and by appointment**

**M Federowicz: Fridays 13:30 – 15:30, room 227, and by appointment**