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Unbalanced Growth: Why Is Economic Sociology Stronger in Theory Than in Policies?*

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Abstract

The aim of this article is to discuss the relationship between economic sociology and economic policies. In the last decades, economic sociology has made significant achievements in terms of theory and research, but that its influence on policies has remained weak. While this was inevitable in earlier decades, when scholars had to concentrate most of their effort on defining the role and contribution of economic sociology, it has since become a constraint for the institutionalization and recognition of the discipline. The return to economic sociology, since the 1980s, has brought about important theoretical achievements, especially in the analysis of economic organization at the micro level in terms of social and cultural embeddedness. The role of social relations in contemporary economy has clearly emerged, but its implications for policies to promote economic development have remained more latent so far. Although a weaker institutionalization and a poorer connection to policy-making certainly affect the political influence of economic sociology in comparison to economics, the paper focuses on the research perspective. A shift of the research focus from the statics to the dynamics of economic organization could be useful. In this framework, particular attention is drawn to the study of local development and innovation through a closer relationship of economic sociology with comparative political economy. A separation between these two approaches does not favor a full exploitation of the potential contribution of economic sociology to policies.

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The aim of this article is to discuss the relationship between economic sociology and economic policies. I would like to show that in the last decades economic sociology has made significant achievements in terms of theory and research, but that its influence on policies has remained weak. While this was inevitable in earlier decades, when scholars had to concentrate most of their effort on defining the role and contribution of economic sociology, it has since become a constraint for the institutionalization and recognition of the discipline.

Of course, one could ask why we should care about influencing policy. It could be argued that the main goal of the discipline should be to improve knowledge of economic activities and processes from a sociological point of view. My answer is that a social science should care about its contribution to a reflexive reconstruction of society. As James Coleman wrote, "social science is not only a search for knowledge for the aesthetic pleasure of discovery or for the sake of knowing, but a search for knowledge for the reconstruction of society" (Coleman 1990, 651).

I will begin by recalling that the classics, the founding fathers of economic sociology, viewed their approach as clearly oriented towards finding solutions for the reconstruction of a society increasingly destabilized by liberal capitalism. Analytical intentions and political implications were strictly related. However, after the Second World War, a process of disciplinary specialization took place. There was a decline of the classical tradition and a loss of interest in economic policies. The latter were mainly discussed in the framework provided by mainstream economics. In the ensuing part of the paper, I will try to show that a revival of economic sociology, since the 1980s, has brought about important theoretical achievements, especially in the analysis of economic organization at the micro level in terms of social and cultural embeddedness. The role of social relations in contemporary economy has clearly emerged, but its implications for policies to promote economic development have remained more latent so far. In the final section, I discuss some factors that affected this outcome and point to possible remedies to strengthen the contribution of economic sociology to policy proposals. I am aware that a weaker institutionalization and a poorer connection to policy-making certainly affect the political influence of economic sociology in comparison to economics. However, this paper concentrates on the role of the research orientation. It suggests that a shift of the research focus from the statics to the dynamics of economic organization could strengthen the policy impact of economic sociology. From this perspective, particular attention is drawn to the study of local development and innovation through a closer relationship with comparative political economy. The separation between these two approaches prevents a full exploitation of the potential contribution of economic sociology to policies.

1. The classics of economic sociology and the political reform of capitalism

The founders of economic sociology did not oppose the market, but were convinced that it should be properly regulated. It was mainly in Germany, with Max Weber and Werner Sombart, that economic sociology grew as an autonomous discipline. Both of them respected neoclassical economics. They took Menger's side in the methodological debate (*Methodenstreit*), where he opposed the historicists. They believed that analytical economic theory had a legitimate right to exist, but did not assume its empirical validity. Weber repeatedly stated that economic behavior was actually influenced only very rarely by the motivations that neo-classical economics attributed to self-interested, atomistic actors. This is why he wanted to begin a theoretical study of the economy in its socio-cultural context. He aimed to develop a micro-foundation of economic behavior able not only to improve the understanding of capitalist development, but also to provide more sophisticated and effective policy tools than the *laissez-faire* kit of neo-classical economics.

The worries about liberal capitalism expressed by Weber and Sombart were shared by other classics, such as Durkheim and Polanyi. For all of them the market works better when problems of *fairness* and *trust* are successfully dealt with, and this distinguishes the sociological view from neo-classical economics.

Economic sociology is more interested in the problems of fairness in real markets, while economics focuses on problems of efficiency, taking it for granted that a fully competitive market will also resolve any problems of equity. If labor relations are particularly unbalanced, conflicts may emerge in bargaining relations, which risk endangering productive activities; or alternatively, workers may become less committed to their tasks, lowering productivity. In these cases, the institutions representing the collective interest of workers and introducing political regulation into the labor market, become important. Moreover, state intervention to regulate working conditions and to reduce social inequalities brought about by the market are also necessary precisely to have more efficient markets.

In addition, the real operation of the economy is highly dependent on trust. Individuals are not normally well-informed or fully capable of rational calculation, and not everyone can be considered equally trustworthy. The lack of perfect information, together with the risk of moral hazard, makes market exchanges problematic, even where they have been legitimized. In addition, markets are not always fully competitive. In real societies, therefore, the market works better insofar as there are institutions that generate and reproduce trust through personal interactions (for example, those tied to families, kinship relations, local communities, etc.) or in an impersonal way, through formal institutions (such as legal sanctions applied to people who violate contracts). Therefore, what Durkheim called “non-contractual conditions of the contract” are crucial for the tradition of economic sociology.

These analytical intentions of economic sociology are well known, but it is worth noticing that they were strictly related to clear political implications. The classics were convinced that social and political regulation of the market was necessary; and this conviction was strengthened by the economic and social turmoil brought about by the Great Depression and the crisis of liberal capitalism, as is very clear in Polanyi's *Great Transformation*.

However, after the Second World War, this tradition of economic sociology as macro-sociology of capitalism, oriented towards its political reform, declined. The legacy of the classics became fragmented and economic sociology moved towards greater thematic and disciplinary specialization. New fields emerged, such as industrial and labor sociology, organizational studies and industrial relations. The original political orientations towards the reform of liberal capitalism dissolved as well.

Many factors contributed to the process of fragmentation and disciplinary specialization, but there are two reasons particularly worth mentioning. The first concerns the consequences of intense economic growth and social and political stabilization. In other words, many of the worries about the difficult relationship between the economy and society in liberal capitalism – on which the founders of economic sociology had focused their attention – seemed less important as a consequence of the "great transformation" of capitalism. This occurred particularly in the more developed countries, where Keynesian policies and "Fordist" forms of industrial organization became widespread.

The second reason involves the contemporary redefinition of the boundaries between economics and sociology. On the one hand, with the "Keynesian revolution", economics offered new and effective instruments to interpret and guide this new and intense phase of economic growth. On the other hand, the institutionalization of sociology pushed scholars towards fields that were less studied by economists, and encouraged a greater disciplinary specialization. The work of Talcott Parsons played a crucial role in the redefinition of the boundaries between economics and sociology.

Parsons (1937) criticized the atomistic individualism of neo-classical economics because of its assumption that individuals define their ends independently of their mutual interaction. However, he proposed a definition of the boundaries between the two disciplines based on what he called "the analytical factor view". Economics must be conceived as the analytical theory of a factor of action based on the rational pursuit of individual interest, while sociology should be understood as an abstract analytical theory of another factor of action, one linked to "ultimate values". While an important effect of this influential view was to favor the academic institutionalization of sociology in new fields not presided over by economics, at the same time it also meant that the interests of the sociological community shifted away from economic sociology and towards other themes. Policy implications were loose and indirect, but basically they implied interventions that could favor the social acceptance of market economy, even through redistributive policies (as **is** clear in Parsons and Smelser 1956). Economic organization was seen as essentially shaped by market incentives, and thus left to mainstream economics.

Summing up, we could say that when the era of the classics came to a close, their commitment to a political reform of capitalism had been taken over by Keynesian economics and Fordist re-organization, until the late 1960s. Sociology was oriented towards the problem of social integration, and distanced itself from the analysis of the economy and from economic policies (Granovetter 1990).

2. The revival of economic sociology: theoretical achievements distant from policies

As is known, since the 1980s there has been a return to economic sociology with the "new economic sociology", focusing mainly on the micro level. Two main factors have influenced this trend. First, there was a theoretical reaction to new economic neo-institutionalist's attempts to analyze the growing variety of productive organization. In addition to market and hierarchy, a number of new hybrid forms were developing, based on the more or less formalized collaboration between firms (joint ventures, alliances, co-operation agreements, etc.). Although transaction-costs theory tried to redefine the traditional economic theory of action by taking into account aspects such as "bounded rationality" and "opportunism" (Williamson 1975,1985), this approach still explains organizational choices in terms of the rational search for efficiency. Thus, it has not been able to provide a satisfactory explanation for economic action under conditions of insufficient information and uncertainty.

In sociology, the development of neo-institutional economic theories triggered, in turn, new explanations of organizational variety that underlined the autonomous roles of social networks, cultural factors and power relations. This led to the second factor driving new economic sociology. In the 1970s and early 1980s, there was a growing dissatisfaction in sociology with Talcott Parsons' theory of action, and the new economic sociology was particularly influenced by the criticisms developed by ethnomethodology and phenomenology (DiMaggio 1994). Thus, it shares a theory of action that is more constructivist, more contingent and more open to direct social interactions.

Different approaches converge in the new economic sociology. It may be worth mentioning some differences and similarities between the structuralist and the neo-institutional approach. In the structuralist approach, the actor's location in the structure of social relations is crucial for understanding his actions (Granovetter 1985). It defines a peculiar "social capital" that can be used in economic transactions to provide information and trust (Coleman 1990). Important applications of the structural approach can be found in the study of labor markets, business groups and inter-firm relations, product differentiation and market competition, new high-tech activities, the stock market.

In contrast, sociological neo-institutionalists take a different position, emphasizing the autonomous role played by cultural factors in motivating actors and shaping organization choice. A good example of the analytical consequences resulting from the neo-institutionalist approach is the work on "isomorphism" by Powell and Di Maggio (1991). In empirical research, this approach has stimulated numerous contributions, especially in sectors that are not affected by market competition, such as non-profit and cultural organizations, as well as financial institutions and large accounting firms. Fligstein's work (1990) on the productive diversification of large American firms provided an interesting application.

Despite these differences, both the structural approach and sociological neo-institutionalism provide a view of the market as embedded in social structures, and try to explain the real action of economic actors in concrete markets. Both also share an explanation of organizational diversity than cannot be reduced to the mere search for efficiency by atomistic actors (individuals or firms). Under the same conditions of "asset specificity" - to use Williamson's language – different actors could rely to different degrees on the market, hierarchy or relational contracting, thus providing variable organizational choices. In fact their choice is influenced by their social relations (or social capital as intended by Coleman) and by their cognitive and normative attitudes. In this way the new economic sociology reacted to the "imperialism" of economic analysis by providing alternative explanations for the variety of economic organization. As Granovetter (1990) pointed out, this is an important difference from the "old" economic sociology, which did not trespass **on** the traditional boundaries between economic and sociology.

On the whole, this has been a significant theoretical achievement, which was favored by interesting research, and is in turn orienting new research on economic organization. However, there is in an important potential for policy-making in the new economic sociology that has not been fully exploited so far. While the shortcomings of mainstream economics, particularly in the micro-foundation of economic behavior, have been clearly shown, standard economic thought continues to greatly influence policies to promote economic development. The new economic sociology appears distant from policy debates. Engaged in reacting to the "economic imperialism" at the analytical level, it remains extremely weak in challenging the dominance of mainstream economics and economic neo-institutionalism over policies. Why is it so?

3. How to strengthen the influence of economic sociology on policies

Current economic policies may take the form of either *laissez-faire* measures or state-centered intervention. Both orientations, however, share the same attitude towards economic behavior. Economic action is about self-interested and socially isolated actors. *Laissez-faire* policies assume that in order to improve economic development, economic actors have to be freed from social bonds and political constraints. This is still the same old worry, since Adam Smith, that social relations and networks among economic actors would bring about collusion, and could result in the loss of efficiency. In contrast, since the "Keynesian revolution", state-centered measures recognize that uncertainty, lack of information and trust may hinder economic activity. However, they usually provide policy solutions that are based on two main instruments: financial incentives to compensate the risks and costs coming from the backwardness of local settings, or public investments to improve infrastructure or human capital. In any case the role of social relations and social networks is not considered as a possible target for policies. On the contrary, it is often perceived as a factor that could hinder the efficient operation of markets.

The reasons for the hegemony of mainstream economics over economic policies are complex. Certainly, economics provides important tools for the macro-management of contemporary economies, and this adds to a long-lasting tradition of institutionalization. and reputation. Economic research centers - both within the university system and in public or non-governmental structures - are well entrenched and tightly connected to governmental decision-making. They have a long experience in translating economic ideas into policy proposals. It is obvious that the degree of institutionalization of economic sociology and its capacity to influence policy proposals are much weaker.

In addition, one should take into account that the policies shaped by mainstream economics tend to be more easily understood by politicians and representative of interest groups, although this does not mean that they are always accepted. As a matter of fact, they are usually formulated in terms of attempts at influencing the behavior of single actors, through financial incentives or regulatory measures. Policies inspired by economic sociology would be more complex because they would try to shape the relational aspects of economic activities, or the building up of social capital as a way of fostering economic development. The benefits of such policies tend to be more diffuse, rather than concentrated on specific groups, and their effective implementation usually requires a longer time than standard economic measures.

Therefore, there are various reasons that hinder a stronger influence of economic sociology over policies. However, in the following remarks I will concentrate on some aspects that mainly concern the research topics and the analytical perspective of the discipline. Although these factors do not directly affect the important issues of institutionalization and connection to the decision-making, my contention is that a shift of the research focus to the problem of local development and innovation, and to the relevant policies, could improve the contribution of economic sociology to more effective policies. This, in turn, would require a more intense collaboration with comparative political economy.

So far the "new economic sociology" - especially in the United States - has grown mainly dealing with static problems. Basically, it has tried to provide an alternative explanation for the varieties of economic organization at the micro level. Research interests have been strongly concentrated on the attempt to show that efficiency reasons are not sufficient and can be misleading. Both the structural approach based on networks and the study of isomorphism undertaken by sociological neo-institutionalism reacted to economic explanations of economic organization. While this research focus was able to show the role of social and cultural factors in the operation of the economy, it was less favorable to exploiting the analytical potential of economic sociology in terms of policies. A shift of focus towards dynamic problems – such as local development and innovation – could foster a more active contribution to policies New research might involve dynamic cities, backward areas that experience new growth, or local innovation systems such as new high tech districts. A systematic assessment of comparable cases of success and failure would allow a better understanding of the influence of social and cultural embeddedness on economic performance.

What are the policy implications of the social and cultural embeddedness of economic organization? We could hypothesize that the local availability of a rich network of social relations would favor economic activity and development. It might help to tackle the problems of co-operation that are due to lack of information and trust; and it might also help to develop favorable relations among the leaders of collective actors, thus improving the provision of collective goods. If these hypotheses were reasonably confirmed, we would have important elements for new policies that go beyond the old dichotomy between state and market, by promoting cooperation among individual actors (firms, workers and firms) and collective actors (local governments and organized interests) as a way to support economic development and social quality. This could entail both technical assistance and financial incentive**s** to cooperative projects aimed at strengthening external economies and collective goods.

To make progress in this direction would require more collaboration with comparative political economy in focusing on the role of politics and policies. The themes of local development and innovation have been more extensively investigated within the comparative political economy tradition, especially in the literature related to industrial districts and local innovation systems (Trigilia 2002), but also in work on the "varieties of capitalism" (Hall and Soskice 2002). However, the social dimension is often the missing link. A closer relationship with the theoretical framework and research tools of economic sociology could improve the analysis of local development and innovation by focusing on the specific role of social networks and on their relationship with governance, and could also help to propose new and more effective policies.

From this perspective, I would like to draw attention to two problems. The first has to do with the specific role of social networks, which is not sufficiently clear in the political economy literature. They may favor development, or may hinder the growth of economic activities. They may lead to collusion, or to closure with regard to external stimuli (new knowledge of technology or market trends). So we must ask under what conditions social networks favor local economic development and innovation. The second problem concerns the origins of "good" networks conducive to local development and innovation. It is important to clarify whether good social capital is just rooted in the history of a particular region or city, or can be fostered through appropriate political measures. The possibility of improving policies for local development and innovation strongly relies on adequate evidence and convincing comparative accounts. But before dealing with these problems (in the final section), it is worth pointing to the increased importance of social relations in contemporary economic organization.

4. Why social relations become more important for economic development

Comparative political economy implicitly suggests that social networks are more important for economic development, in the post-Fordist era: the economy tend to become more "relational" (Veltz 2000, DiMaggio 2002). Fordist organization made social networks less important than in liberal capitalism. Large vertically-integrated firms were more autonomous from their environment. The non-economic factors that most influenced development were mainly of two types: the organizational capacity of the firm – the "visible hand" of the organization at the micro-level - and the Keynesian policies at the macro-level. Policies to attract large external firms by means of incentives and infrastructures were also important for backward areas. Stability was the key word for the old model, which guided the "golden age" of post-war development. In the last decades it has been increasingly substituted by two other catch-words, especially for firms in advanced countries: flexibility and quality. Flexible specialization changed the landscape and tended to give social networks a growing role. The search for flexibility and quality led not only to restructuring to increase the autonomy of the firms' internal organization, but even more to a greater need for external co-operation, especially in sectors where the technological trajectory is uncertain or the demand is very unstable (as in biotechnologies, or in the media industry or in some parts of ICT).

Networks of firms (or districts) and large networked-firms become the protagonists of contemporary economy. But they are more dependent than their predecessor of the past – the vertically-integrated large firm - on the willingness of the workers and other firms to cooperate effectively to obtain flexibility and quality. This increased the potential transaction costs and therefore the value of social capital – of the networks of social relations rooted in a certain territory – in the productive process and for innovation. However, one could object that increasing globalization of economic activities, and the improvement in communications, foster a decentralization of manufacturing towards the newly developing countries with lower costs. Thus, the role of localized social networks tends to become less important in a global market where contractual relations are continuously growing.

As a matter of fact, individual firms – above all the multinationals, but also the smaller firms – can search, more easily now than in the past, for more advantageous conditions by moving from one country to another and by combining in their productive process inputs from firms and local partners in different areas, through complex organized structures. The improvement of communications and information technologies help this process. All this tends to rapidly alter the localized benefits of a particular territory. Nevertheless, the empirical evidence suggests that the result is not a simple tendency towards the "de-territorialization" of productive processes, but rather a greater competition between regions in which the resource of "good" social networks between individual and collective actors is crucial. Productive growth and localization of external investments tend in fact to concentrate where the external economies and productive specialization are stronger. This affects both the newly developing countries as well as the more advanced ones.

The decentralization of manufacturing to areas with lower costs is not even. It is much stronger in areas where external economies and collective goods are more widespread. The availability of "good" social networks among individual firms, and among employers and workers influence the potential for economic development. No less important is the role of collective social capital: cooperative and effective relations among private and public actors which help to increase the production of collective goods (infrastructure, services, training) for the local economy (Evans 1996). Even within the "developmental states", in the Third World, there are strong regional differences in the ability to attract foreign investments and to sustain local initiatives.

In the developed countries, globalization is fueling an overall reshuffling of economic organization. While manufacturing tends to shrink, there is a shift toward the new knowledge economy. These countries are forced to pursue a "high road" based on innovation in high-tech activities more dependent on scientific advances. But this trend is producing a new "re-territorialization" of the economy around specialized areas and cities, both in Europe (Crouch et al. 2001, 2004) and in the US (Florida 2002,2005). Innovation is now more closely tied to processes of co-operation among firms in different sectors, which imply the sharing of a language, the development of "conversations" among different actors (Lester and Piore 2004); some forms of tacit knowledge that allow the better exploitation of standard technologies and codified knowledge to find out new solutions and new products. Paradoxically enough, in many innovative sectors such us bio-technologies, software activities or the media industry, the growth of new information and communication technologies increases the diffusion of codified information, but at the same time opens up a greater role for tacit knowledge and understanding, embedded in social networks, as a competitive resource. Again, it is not only the network of relations between individuals, but that between organizations, or collective actors, which is also important. A good network of relations between interest organizations, financial institutions, universities, and local governments can favor the improvement of infrastructural facilities and the efficient provision of economic and social services, as well as the influx of capital and investments of both local and external firms, and the establishment of effective cooperation among economic actors and research and training institutions.

Therefore, it can be said that globalization has contradictory consequences for local development. It may weaken some areas not only as a result of higher costs, but also because these do not manage to keep up with the provision of external economies and collective goods that are necessary to increase productivity. It may however favor other areas that exploit their social capital to attract external firms and to take advantage of the greater opportunities in terms of a growing market for exports that open up, as in the developing countries; or to exploit the new possibilities dependent on knowledge-based economy for developing more innovative activities, as in advanced countries.

On the whole, it is to be stressed that the importance of social network seems to increase, in comparison to the past. This trend enhances the possibilities of local actors to affect the development of their region. This process does not necessarily depend on lower costs, although they remain important as competitive resource, especially in the developing countries. Both in the backward and in the advanced countries, the capacity to use social capital to develop a certain amount of knowledge and of specialization is a key resource for development.

5. Social networks, local development and policies

While the political economy literature suggests that social networks may play an important role in local development, it is not sufficiently clear how they actually work, under what conditions they may favor economic development, and when they instead lead to collusion or closure to external knowledge. Another crucial problem concerns the possibility of promoting cooperative social networks that are conducive to economic development and innovation through intentional actions. A research investment by economic sociology in these issues, and a closer cooperation with comparative political economy, could improve the understanding of these processes and could help develop new policies more fine-tuned to the relational features of contemporary economy.

Some examples can help to clarify these problems. Let us consider first the problem of collusion with particular reference to the backward areas. The role of traditional social structures (e.g. family, kinship, community, religious, ethnic subcultures), as resources for development in backward countries has been widely discussed, reversing one of the classic assumptions of the theory of modernization. In fact, however, their relationship with economic development is more complex. While traditional resources as source of social networks are widespread, their activation as resources for development is quite uneven, as is shown, for instance, by a comparison between Latin-American and Asian countries. What makes the difference seems the combination of networks based on traditional institutions and a modernized politics, autonomous from civil society. It is the "embedded autonomy" (Evans 1995) – the autonomy of political action that is at the same time socially embedded at the local level – which can contribute in an innovative way to local development. In Latin America politics seems to have hindered the productive use of social capital linked to traditional structures, because of its lack of autonomy from social interests and the weakness of state structures. On the contrary, the Asian experiences show a polity that not only provided more strategic capabilities (developmental states), but also oriented social networks towards the economic rather than the political market.

Following this perspective, one can propose the hypothesis that the composition of social capital (strong ties vs. weak ties) matters. It seems likely that an appropriate mix of the two types would favor economic growth. But an important condition has to do with the role of politics. Political settings that are more autonomous from particularistic pressure seem more able to avoid the collusive use of social networks, more oriented to the political rather then to the economic market. In addition, this kind of polity seems more equipped to avoid the closure of local networks to external stimuli, and therefore more able to prevent the emergence of lock-ins. More systematic comparative studies could throw light on this crucial issue, which is obviously important for policies.

Another example that shows the importance of clarifying the role of social networks concerns the sites of innovation in the most advanced countries. There is a clear link between the production of innovation in the knowledge-based economy and the cities. Richard Florida (2005) pointed out that the process is mainly influenced by some social groups with high human capital. They choose to live in cities with high degree of tolerance, and cultural and social amenities. This, in turn, attracts – or contributes to the creation of – innovative firms. This explanation raises many questions about the causal direction. However, it is certainly true that not all the large and well-equipped cities are able to trigger a virtuous circle between people and innovative activities, including the crucial contribution of university and research institutions. There is a different "absorptive" capacity of potential for innovation related to universities and research facilities, in terms of economic, cultural and social infrastructure. The comparison between Silicon Valley and route 128 in Boston (Saxenian 1994) suggests that there is an important social factor in the explanation of why certain regions or cities succeed and others do not. Again, a closer attention in comparative terms to the role of social networks and to their relations to governance could help to better understand local development, and could contribute to work out more effective policies beyond the traditional opposition between market and state-centered policies.

Let us come to a second problem. It is not yet clear whether the role of social networks is merely dependent on the history of local contexts - on the way history has shaped culture and social relations of actors - or if it may also be socially and politically constructed through reflexive action. In the first case, if path-dependency prevails, there is little space for policies. Local development could be predicted but hardly promoted through purposive policies in local contexts which lack certain requisites. In the other case, we could learn important lessons for new policies that work by promoting the appropriate social capital through financial incentives and technical assistance. These kind of policies that try to foster economic development by promoting social capital are growing, especially in Europe, where they are pursued by the EU, and in the developing countries through programs of international organization such as the World Bank or UNIDO, and others. Therefore, it would be crucial to select and investigate cases of local development that are based on planned interventions to improve cooperation among individual actors, as well as collective actors. These might include cases of strategic planning for cities, territorial pacts for backward areas, or projects for the growth of high tech systems. Such an analysis might encourage the creation of a new repertoire of policies for economic development that build social bridges between state and market, and take more into account the relational bases of contemporary economic organization.

These examples show that there could be an important role for economic sociology in the analysis of local development and innovation. This, in turn, could strengthen the contribution of this approach to more effective policies. But this also requires that economic sociologists start to pay more attention to political processes and the role of public policies than the new economic sociology has so far. As Fligstein (2002) has pointed out, this would be important because it would not only contribute to a more integrated sociology of markets, but would also help to link micro-economic sociology with macro-comparative political economy (see also Block and Evans 2005).

Actually, in the main accounts of more recent achievements, economic sociology has been mainly identified with the "new economic sociology" developed in the US. This trend does not favor a closer relationship with comparative political economy. A wider conception of economic sociology that includes comparative political economy would be consistent with the classical tradition of economic sociology, which paid particular attention to the influence of the state on economic activities (Trigilia 2002). It also would help to develop the policy implications of theoretical and empirical achievements. In this way economic sociology could integrate its theoretical framework with the kind of "pluralistic applied research" that Coleman was demanding, for a richer contribution to the reflexive reconstruction of society.

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