

exceeds N). Moreover, the model does not specify the determinants of investment. Fortunately, these problems do not really affect the rest of the book, because it is not clear what this model has to do with it!

The empirical approach involves cross-country and panel data. The independent variables include measures of institutional quality and legal measures of institutions as well as variables such as policy variables, policy variables interacted with institutional variables, and other control variables. The dependent variables include macroeconomic outcome variables such as inflation and the budget deficit. To take into account reverse causality, lagged average values of institutional variables are considered; two-stage and instrumental variables approaches not considered feasible given the frequency of the data. The method used here is quite standard and provides useful background to the econometric analysis in the later chapters. However, the pitfalls of using cross-country and panel data methods are well known and discussed extensively in the discussion on the effects of economic openness, for instance; the author should have been more cognizant of these problems. Accordingly, the book should have supplemented the empirical data with some careful case studies using thicker descriptive analysis from specific developing countries.

The last two substantive chapters discuss some theoretical and empirical contributions to the literature on fiscal and monetary institutions, including fiscal decentralisation, currency boards and institutions relating to bank regulation and supervision, which have been developed in earlier publications by the author, in some cases in joint work with others. The theoretical models are generally useful and instructive, although they make rather simplistic assumptions about government decision making and about the fixity of the so-called natural rate of unemployment (especially for less-developed countries). The empirical results are interesting, especially those regarding the effects of fiscal decentralisation on fiscal deficits, of currency boards and inflation targeting on inflation, and of laws about banking supervision and regulation on economic growth. However, it would have been useful to know how fiscal decentralisation and monetary institutions such as currency boards and inflation targeting affect development variables, such as the rate of growth, the volatility of growth, and income

distribution, and not just fiscal deficits and inflation rates, and how actual practices and not just laws regarding banking supervision and regulation affect economic outcomes, including financial and real volatility.

The book illustrates that the combination of simple macroeconomic and microeconomic theory, simple game theoretic models, econometric techniques, and broader political economy analysis has the potential for analysing an important aspect of development, that is, how institutions affect and interact with development. It provides a useful review of some aspects of the literature on institutions and institutional change in development, drawing especially on the work of North and Olson, and presents some useful theoretical models and some interesting empirical results on the effects of particular macroeconomic institutions, such as currency boards, inflation targeting, and bank regulation and supervision. However, the book as a whole does not live up to its potential. Since it does not clearly discuss the complex concept of institutions and institutional change, it does not develop a sensible approach to study of the interaction between institutions and development; and since it does not examine how macroeconomic institutions affect development, broadly defined, it does little to increase our understanding of the role of macroeconomic institutions in development.

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Durkheim and the Birth of Economic Sociology,
by Philippe Steiner (Princeton University Press,
Princeton, NJ, 2010), pp. 256.

An insightful entry in Wikipedia notes that economic sociology, which studies the social causes and effects of economic activity, can be broadly divided into a classical and a contemporary period. The classical period lasting from the Industrial Revolution in Europe to the mid-1980s, was concerned particularly with the effects of the rise of modern capitalism, including the passage from 'community' to 'market' organisation of social relations, from rural to urban life, the rise of secularism and the transformation of social stratification. Sociology as a discipline arose primarily as a reaction to the

rise of capitalism, and unlike Karl Marx and his followers, was generally accepting of the new social order, but critical of the unbridled action of market institutions and the industrial proletariat on social life. Economics tended to be less critical of the new social order, with the institutional and historical schools more or less siding with the sociologists, while the 'political economists' who employed mathematical techniques and who evolved from Adam Smith, David Ricardo, John Stuart Mill, Jean-Baptiste Say and the other classical economists, tended not so much to approve of the social transformations initiated by industrial capitalism as simply to ignore them. Max Weber's work on the links between economics and religion, in particular the role of Protestantism in fostering modern capitalist entrepreneurship, are the high point of this period of economic sociology.

Contemporary economic sociology was inspired by the 'embeddedness' approach outlined by Mark Granovetter in 1985. Granovetter stressed that exchange relations almost always take place within a complex network of substantive social relations. Granovetter's theory of 'weak ties' and Ronald Burt's theory of 'structural holes' are salient products of this second wave of contributions to economic sociology.

Economic sociology in both periods has been generally hostile to analytical economic theory (called 'political economy' in the early years). In the modern period this probably is due to the fact that economics is more mathematically sophisticated than sociological theory, and it is unclear to many that the increased sophistication has a significant payoff in terms of improved understanding of the economy. Moreover, economists consistently and completely ignored sociological theory until very recently, and sociologists responded by offering frequent and vitriolic attacks suggesting that the analytical economic approach was wrong-headed. These attacks, it appears to this observer, are rarely coherent or interesting. It is certainly true that economic models would be significantly enriched by paying closer attention to sociological phenomena, but it is not plausible that the basic economic models, stemming from the rational actor model, game theory, and market analysis, should simply be abandoned.

Indeed, in recent years, major economic researchers, including Nobel Prize recipients Herbert Simon, Douglas North and George Akerlof, as well as influential economists including

Jeffrey Sachs and Avner Greif, have directly incorporated sociological insights into their models. The rise of behavioural game theory and experimental economics has also rendered the lines between economic and sociological analysis rather difficult to define (Gintis, 2009; Bowles & Gintis, 2011).

The book under review relates only to the first wave in economic sociology, studying the reaction of Émile Durkheim and his followers to the political economy of the late nineteenth and early twentieth centuries. Durkheim is of special importance because he is, along with Max Weber, one of the cornerstones of modern sociological theory. However, unlike Weber, Durkheim's most important work and ideas do not intersect with economic theory at all, and Durkheim turned away from economics altogether in his later years. For this reason, only the first two chapters of this book deal with Durkheim's personal views, the remainder dealing with his followers in the first third of the twentieth century. While these views are of more than a little historical interest, they will have limited importance for the casual reader.

Émile Durkheim, the formative sociological thinker, and Léon Walras, the equally formative economic thinker, appear to have ignored each other rather completely, and economists of the time had no systematic means of discussing the effects of the growth of markets on social life in general. Durkheim's major starting point in the critique of political economy is that social cohesion is based on notions of fairness and justice, while the unregulated growth of capitalism undercuts morality by determining prices purely through unregulated markets. Indeed, Durkheim's picture of capitalism is little different from Marx's as expressed in the *Communist Manifesto*, where we learn that

the bourgeoisie, wherever it has got the upper hand, has put an end to all feudal, patriarchal, idyllic relations. It ... has left remaining no other nexus between man and man than naked self-interest ... for exploitation veiled by religious and political illusions, it has substituted naked, shameless, direct, brutal exploitation ... Constant revolutionizing of production, uninterrupted disturbance of all social conditions, everlasting uncertainty and agitation distinguish the bourgeois epoch from all earlier ones ... All that is solid melts into air, all that is holy is profaned, and man is at last compelled to

face with sober senses, his real conditions of life, and his relations with his kind.

Durkheim could not match Marx's brilliance, but he was no less convinced of the truth of the message. Unlike Marx, of course, Durkheim more or less accepted the class relations devolving from the Industrial Revolution, but he fervently believed that industrial society need new 'professional groups' that could regulate capitalist growth in a way promoting the legitimacy of the economic system and the justice of its division of labour and distribution of wealth. This led him to a bitter attack on political economy because it generally had no concept of justice whatever, and those economists who discussed normative issues tended to rely on the marginal productivity principle to determine when the terms of exchange were just. Durkheim had no sympathy with this notion, and he rejected both the market determination of wage rates and the justice of wealth inheritance.

In short, Durkheim argued that modern industrial society led to the dissolution of the social bonds that render life meaningful. The result is 'anomie' which leads to mental illness, indicative of which is the high rate of suicide in modern society. Steiner develops this theme quite nicely, although with a degree of detail that will be of interest only to the historian and perhaps the philosopher.

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The Classical Foundations of Population Thought From Plato to Quesnay, by Yves Charbit (Springer, Dordrecht, 2011), pp. 179.

This book presents a brief historical study of major classics in the development of population thought. Four such classical forerunners are discussed in the four major chapters of the text, that

is, only excluding the introductory and the concluding chapters. They start with Plato, viewed as history and utopia through the Platonic city; and continue (Chapter 3) with Jean Bodin who based power and sovereignty on the true riches represented by men. Chapter 4 introduces Colbert as a vehicle for studying French mercantilism; Chapter 5 examines Quesnay and the Physiocrats (especially Mercier de la Rivière) as the 'political failure' of an innovative economic theory of capital, growth and selective freedom of trade and production. This contents indicates a French bias in the population thought selected for evaluation: apart from the classical Greek foundations in Plato's thought, the population perspectives are those from leading French political, social and economic writers of the sixteenth century (Bodin), the seventeenth century (Colbert) and the eighteenth century (Quesnay and the Physiocrats). At the very close of the eighteenth century (1798), demographic theory is said to commence with the publication of Malthus' first *Essay on the Principle of Population*.

There are, of course, many other English forerunners in population theory from these centuries as well. The author admits this when discussing agricultural progress and population in England, largely, but wrongly, confined to the second half of the eighteenth century. For English readers interested in early French thought on population theory, this French bias on the author's part may be considered a positive advantage. It brings these old, French works to the forefront in historically investigating population discussion.

In his construction of the text, the author pays considerable attention to the appropriate methodology for presenting historical studies in the history of ideas. First, the study explicitly deals with thought on population, not with demographic studies as such, since these, in Charbit's view, started only with the work of Malthus. The strict meanings for the author of 'doctrine', 'theory' and 'population' are then presented. 'Doctrine' is depicted as having much 'normative content', theory is 'a set of propositions' subject to verification, population is an 'abstract ensemble of individuals' considered quantitatively (p. 1). The necessity of contextual history is then discussed since ideas (doctrines and theories) derive from facts visible in the specific form of the period when these ideas were put forward. The notion of cities, therefore, implies quite distinct properties, depending on when these

Émile Durkheim, one of the founding thinkers of sociology, was born in France on April 15, 1858. The year 2017 marked the 159th anniversary of his birth. To honor the birth and life of this important sociologist, take a look at why he remains important to sociologists today. What Makes Society Work? In studying why, for example, people often make purchases and use credit in ways that conflict with their own economic interests, many sociologists draw on Durkheim's concepts to point out the important role that consumerist rituals play in our lives and relationships, like giving gifts for Christmas and Valentine's Day, or waiting in line to be among the first owners of a new product. David Émile Durkheim (French: [emil dyÉkÉ>m] or [dyÉkajm]; 15 April 1858 – 15 November 1917) was a French sociologist. He formally established the academic discipline of sociology and "with Max Weber" is commonly cited as the principal architect of modern social science. From his lifetime, much of Durkheim's work would be concerned with how societies could maintain their integrity and coherence in modernity, an era in which traditional social and religious ties are no longer assumed, and in which new Rectifying this perception, Durkheim and the Birth of Economic Sociology is the first book to provide an in-depth look at the contributions made to economic sociology by Durkheim and his followers. Philippe Steiner demonstrates the relevance of economic factors to sociology a ½ mile Durkheim's work has traditionally been viewed as a part of sociology removed from economics. In his early works, Durkheim critiques economists and their categories, and tries to analyze the division of labor from a social rather than economic perspective. From the mid-1890s onward, Durkheim's preoccupations shifted to questions of religion and the sociology of knowledge. Ellinor Anderberg (Uppsala University, Uppsala, Sweden). International Journal of Social Economics. ISSN: 0306-8293. Publication date: 28 June 2013. Citation. Anderberg, E. (2013), "Durkheim and the Birth of Economic Sociology", International Journal of Social Economics, Vol. 40 No. 8, pp. 755-756. <https://doi.org/10.1108/IJSE-05-2013-0124>. Download as .RIS. Publisher. You may be able to access teaching notes by logging in via Shibboleth, Open Athens or with your Emerald Account. Login. If you would like to contact us about accessing teaching notes, click the button and fill out the form. Contact us. To read the full version of this content please select one of the options below. When Durkheim began writing, sociology was not recognized as an independent field of study. As part of the campaign to change this he went to great lengths to separate sociology from all other disciplines, especially philosophy. In consequence, while Durkheim's influence in the social sciences has been extensive, his relationship with philosophy remains ambiguous. Nevertheless, Durkheim maintained that sociology and philosophy are in many ways complementary, going so far as to say that sociology has an advantage over philosophy, since his sociological method provides the means to study philoso... The Sociological Method: Society and the Study of Social Facts. Durkheim's Social Realism.