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Economy and Finance

The chapter seeks to position economy and finance in a broader conceptual field, one that can accommodate forms of knowledge that go beyond the specialized disciplines of economics and financial economics. To do this the chapter will focus on two key analytical categories: markets and networks. It will show the power and the limits of these two analytical categories to explain economic and financial outcomes. This then serves to open up the discussion to variables and concepts that come from other disciplines, and how much these matter to explain those outcomes. The chapter starts with a brief introduction examining some key historical landmarks in the evolution of knowledge about economy and finance, most prominently from the disciplines of economics, sociology, 19th century political economy, contemporary international political economy as developed within political science, and economic history. The purpose here is not to do a survey or a review but to capture critical junctures in the development of specialized fields of knowledge around these subjects. For instance, the critical turn that took politics out of economics in Anglo economics, but not in European Continental traditions. And focusing on some of the most recent developments, the ascendance of financial economics to the top level of the discipline, where before it had been seen as a field dominated by empirics and lacking in theory. Or, in the case of sociology, the emergence of a rather specialized field called Social Studies of Finance that cuts across both sociology and financial economics. The second section will examine how these diverse disciplines have developed the category of the market. The market described and captured by economic historians is quite different from that of Marshallian economics or that of the new economic sociology. And the market captured by the new economic sociology is quite different from the market of the older tradition of sociology of the economy. The third section will do the same for the category of networks, one that has received far less disciplinary elaboration than markets, but has today seen a whole series of novel elaborations, partly including treatment of the new computer-centered interactive technologies. The fourth section will examine some of the distinct contributions from the subdiscipline of social studies of finance as a way to establish the disciplinary limitations/closures that even a multi-disciplinary field such as this one encounters. The final section revisits both markets and networks from a more empirical angle that confronts puzzles in the actual operation and dynamics of markets and networks in the economy and in the world of finance. This final section, then, seeks to re-open the conceptual and analytic terrain within which to situate the study of economy and finance.