INTERVIEWS

Interview with Bruce G. Carruthers. Brexit, Bitcoin, Big Data: How Historical Analysis Helps Shed Light on What the Future Holds

Interviewed by Mayya Shmidt

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Abstract

Bruce G. Carruthers, the John D. MacArthur Professor of Sociology at Northwestern University was interviewed by Mayya Shmidt, master's student at Stockholm University, during his visit to the Swedish Collegium for Advanced Study based in Uppsala.

During the first part of the conversation, Bruce Carruthers reflects upon the structural differences between European and North American academic settings and between sociological departments and business schools, considering graduate training and further ascending up the career ladder. He elaborates on his current research, a historical study of credit and credit decision-making in the United States in the nineteenth and twentieth centuries, but he also works on corporate social responsibility and taxation and the adoption of "business like" characteristics by US museums. Carruthers points out that working at a bunch of intersections between different branches of sociology allows him to be intellectually inclusive in his work. He shares his personal recipe for economic sociology. According to him, a good economic sociologist has to be curious about the economy and willing to do additional work and go beyond his or her sociological training to become knowledgeable in economic phenomena. Taking advantage of communication with colleagues from other fields of knowledge may also contribute to a good practice of conducting an economic sociological study.

Speculating about the future of credit relations, Carruthers suggests that dystopian sci-fi TV shows pose some relevant issues to credit scoring. The combination of how widely the information can circulate and what the individual scores are based on provoke *governmentality* fears about ratings and rankings. As he puts it, the developing Chinese social credit system, which involves almost no privacy in relation to the State, may be nerve-racking if it gets full expression—quite the opposite future Carruthers predicts for the peer-to-peer platforms that promised to challenge the financial market. Once the promotional hype is over, as he points out, big financial institutions will likely take over the successful platforms, and tech platforms could do the business of intermediation may pop up.

With respect to promising topics in sociology, Carruthers recommends directing our attention toward the incorporation of big data into research and the expansion of big data analysis skills, as the future of economic sociological research lies therein.

Keywords: international academic settings, history of credit relations, trust and credit, credit ratings, crisis of 2008, historical institutional analysis, interdisciplinarity, p2p platforms, big data

—You've been fortunate to follow a long international academic path. Speaking of academia in the US compared to Germany, France, and now, Sweden, have you noticed any structural differences?

—I have started to learn about European universities (having some contact over my entire career) and began to get a lot of exposure around ten years ago. Currently, Northwestern University has a graduate exchange program with a number of European institutions. The program has been going on for almost ten years and, in the context of that, I really got to know how European universities work and how they train graduate students. I learned more about the organizational side and funding side of it. Of course, everyone's heard of Oxford University, but few know a lot about how Oxford University operates, for example. So, this is an exchange network that currently links Northwestern University, Columbia University, Max Planck Institute in Cologne, Sciences Po in Paris, and the European University Institute in Florence; it is a graduate training network.

Every summer, we get together, and one of the partners hosts a conference that focuses on graduate research. The graduate students we are all training have an opportunity to present their research in front of an international audience. That's a very good professional experience for graduate students. And this is the vehicle that's been operating for about ten years, and through which I've gotten to know the faculty who work at the partner institutions quite well. We have these conferences focused on graduate training, but, of course, in academia, we gossip; we talk about how our universities are working, what is going on. I received a very good informal education, and a couple of things have struck me. The very simplest contrast is about how graduate students are trained. As compared to Europe, in general, PhD students in the United States take longer and have more intensive training when it comes to quantitative and statistical methods. They don't necessarily come to graduate school with a PhD project, while the European students' PhD funding is contingent on such a project. They have to design a project, and that is the one they execute, and they may have 3 years in which to do it. That is a very accelerated timeframe by American standards: most of our students take a good deal longer than 3 years to finish. Even if they already have a master's degree, they still take longer. And they tend to shop around intellectually at first: a lot of times, they will come, and they will take classes, of course, in their areas of interest, but outside their areas of interest too, and that adds a certain intellectual mobility to what they do because they learn about other things. Sometimes they change their minds.

I have also been struck by the fact that American sociology is very US-centric. It's very much about American society and what is happening in the United States. The US is so big, and there are so many very good universities. You can have a wonderful career and never leave the United States. You can give talks at Stanford, Harvard, and Yale, and that's all very exciting and good, but it is quite different from Europe. I have been really impressed by the amount of cross-national collaboration that is now a characteristic of a lot European social scientists. Because there are people in Germany who are working with the Swedes, who are working with the French, people are travelling around a lot. The typical careers will be, you know, someone gets a PhD from Sciences Po, then they have a postdoc in Denmark, then another postdoc in Germany, and then they will get a permanent position somewhere else. All of this, I think, is quite characteristic. In the United States, most people who get American PhDs in sociology get jobs in sociology at American universities. They can stay and research American society. So, I think there is a comparative aspect to a lot European research that is harder to generate in the American context. They create some opportunities, but sometimes, it's also a lot of work. In Europe, you don't really have to explain to someone why it is interesting to compare Germany with France. But in the United States, if you did research on France, people would say: "why do you want to study France? Why should we learn about France?" And you would have to explain to them why it's good to learn about France, what would be some analytical question that can be answered through a comparison between the United States and France. Most comparisons are much more natural in a European context.

The funding situation, of course, is also very different because, most overwhelmingly, European universities are publicly funded, and in the United States, you have this big divide between public schools and the private ones. And some of the public schools, in sociology, especially, are really excellent. There are great sociology departments in universities like the University of Michigan, the University of California at Berkeley, the University of California-Los Angeles, and the University of Wisconsin-Madison. But those public schools are subject to financial pressures and are driven by politics. In the US, you also have a large number of private universities that are very wealthy. They have funding in budgets that is protected from some of the political-economic cycles that affect the public universities. That is a tremendous advantage for the private universities. Right now, I think about what Harvard University offers for graduate student funding; they can offer packages that are extremely difficult for the University of Massachusetts to match—they don't have the money for it. So, there has been a kind of growing divide between the public and private institutions in the US. I think this is less so in Europe because most schools are in the same boat, and maybe they're all in a bad situation, but they're in the same bad situation together, as opposed to a big internal divide.

I guess, the final thing is, no one knows what's going to happen to the European university ecosystem with Brexit. I don't know what's going to happen; no one knows what's going to happen. There are some scenarios that could be terrible, and we just have to wait and see. That's a very unfortunate development because it was clear that European and British universities benefited from being able to collaborate closely. There was a lot of traffic between those two worlds, and with Brexit, there might be barriers to that. I don't think it'll be good for anyone, but that's up to Theresa May and the Brexiteers. Who knows what we going to do?

—We shall see.

—We shall see. That would be something to discuss later.

—You've also spent some time and gotten in touch with different business schools. In terms of intellectual tradition and methodological tools, what is it like to be an economic sociologist working at a business school and at the Department of Sociology at Northwestern University, for example?

—I think it's another situation where there are some interesting differences between Europe and North America. North American business schools are incredibly rich; the good ones have got tons of money. They can be dominated by economists. There are a couple of schools that have a small place for economic sociology or organizational sociology. The business school at Northwestern University, Kellogg, is one of those places. There is a very vital and good community of people with sociology PhDs or people who publish in sociology journals in our business school. I think a lot of American business schools are not like that. My sense is that European business schools are less dominated by economists. They tend to be disciplinarily a little broader and, of course, depending on the country, sometimes they are very closely connected to public policy. CBS (Copenhagen Business School) is in Denmark, which is a small country. If you're a prominent researcher on tax issues, and you teach at CBS, it is very likely that you have very good contacts with the tax authorities in the Danish government. You will be a part of conversations about policy, and you can offer policy advice, both formally and informally. That's all very easy because they are both in the same town. In the United States, it doesn't quite work that way. It is more decentralized, it's on a bigger scale and so, it's harder to think of business schools that might have the same easy formal and informal connections to public policy that you can sometimes see in European countries. Of course, it depends, but, you know, it becomes a small world. There was probably a time in my career when I might have been able to transition from a sociology department to a business school, and I didn't do that because I am happy staying in sociology. Now it's way too late. I don't think there's any business school that would want to hire me. I'm too much of a sociologist. And I think that, in Europe, there is a little more fluidity between business schools and sociology; the European business schools are slightly more open.

The other thing that factors into differences between business schools and sociology in both Europe and North America is the fact that, these days, many of the A-list journals everyone is being encouraged to publish in are all in English, and a lot of them are based in North America. So, and that's true in both the business school and the sociology world; my European colleagues in sociology are being pressured to publish in the *American Sociological Review* and the *American Journal of Sociology* or *Administrative Science Quarterly* if you are in organizational sociology; or if you're in pure finance, it's the *Journal of Finance* or the *Journal of Political Economy*. North America has this privilege right now, that many of what are regarded the best journals in the world are all in English, and they are all basically based in North America, primarily in the United States. So, you have a big advantage for publishing in those journals if that's where you live and, you know, you grew up learning how to speak academic English. That's a big advantage. So, that is another contrast between the US and Europe.

I don't know, but I think, partly because of the public nature of most universities in Europe, some of the internal salary differences that we see in the United States might be harder to engineer. If you are a finance professor in a business school, in a private university, you have tons of money; you make much more money than a garden-variety sociologist at the same university. So, there is a big salary difference, you know; it is really there. I think that salaries are a lot more compressed in Europe partly because a lot of the professorships are publicly funded and subject to civil service rules. That tends to make the discrepancy a little less wild, and that obviously makes a difference. So, if somebody is a financial economist and just wants to make a lot of money, they probably have to move to the United States to make that big salary because that's where they can pay you the big bucks. And if you aren't too worried about that, or if you prefer to live in Europe, then you can stay here, but you're probably not going to get as rich as quickly. In sociology, this doesn't have such an impact because our salaries don't tend to be as high as in finance in business schools.

—You are currently here in Europe, in Sweden and visiting the SCAS[1] to work on the new project devoted to trust and credit in the United States. Could you tell us a little bit more about it?

—So, my new project is my old project. For four years up until August of last year, I was the director of the Buffett Institute for Global Studies. That was a big administrative position, and when I agreed to do that job, I had no idea that it would be as administratively burdensome as it turned out to be. It was a real time sink. For four years, I've been able to get very little work done on my research. So the book I am working on and that I want to finish is the book I was working on four years ago when I thought: "I will take this job. I'll work, you know, besides being a professor, in the Buffett Institute. Won't that be nice? It will be interesting and won't be too much work." I was completely naive in that regard. I'm returning to the project, which is a historical study of credit and credit decision-making in the United States in the nineteenth and twentieth centuries. I am very interested in the development of the modern credit economy in the United States—how it's about credit, which is all built around the issue of trust (who trusts whom with money); and if you lend money to someone, why do you trust them to repay you? How do you make that determination of who's trustworthy? And how do you pose those questions and answer them when the borrower is not an individual but a business or maybe a corporation or a fictive individual? All these things have been going on for two hundred years. And, of course, the financial crisis of 2008 was a great expression of the fact that all of these institutions and all of this money that's floating around can sometimes blow up in ways that are incredibly consequential and enormously problematic.

Traditionally, people in sociology have not been that interested in finance—that's not been a hot topic. Even in economic sociology, it's been kind of a specialty. My personal interest in finance preceded the financial crisis in 2008. My dissertation [Carruthers 1999] was about the stock market. But after 2008, lots of other people

[1] Bruce G. Carruthers is a visiting fellow at The Swedish Collegium for Advanced Study for 2018/19.

suddenly realized: "wow, financial stuff; it's really complicated, and we haven't studied it. It has interesting social consequences. Maybe we have to have a look at it. We should learn something more." So, I think there has been a big spike of interest in the sociology of finance, post-2008.

What I am interested in, what my project is about is not just focusing on 2008 but on the institutional developments that made 2008 possible—where are the roots of that? Just to pick one example: a lot of people implicated the bond rating agencies in 2008, and they were subject to public criticism because Wall Street had made a lot of money doing what was called structured finance, which were these very complicated securitizations and ways of taking debt obligations, pooling them, and bundling them and trancing them, and turning them into collateralized debt obligations or asset back securities. This is called financial engineering. This was part of what made Wall Street look like a very innovative, cutting-edge place that needed to hire mathematicians and physicists. This is the land of the quants and, you know, the rocket scientists who got employed. All of that looked very exciting and interesting and innovative. There were new ways of managing risk. Alan Greenspan would wax very eloquent about how wonderful it all was, and it all blew up. One of the public criticisms levelled against the bond rating agencies was that all securitizations were being sold to the investors because Moody's, S&P, and Fitch[2] were rating them triple A. They were rating many of these instruments, giving them the highest possible ratings. It turned out that those very high-level ratings were wildly optimistic, wildly inappropriate, and that, especially for things like subprime securitizations, that was just, you know, stupid. The ratings were downgraded very quickly afterward, and then the default rates were much higher than were predicted by the ratings. A lot of people looked at the rating agencies and said: "well, you guys really screwed up." So, some of the measures in Dodd-Frank[3], (which is the main financial reform law passed in the aftermath of the crisis), were aimed at the rating agencies to try to fix the problem.

This is a kind of a short-term scenario, but in my book, one of the things I'm interested in thinking about is how did the rating agencies become so important? How did they become the primary governors and judges of who is creditworthy and who is not? That has a long historical story that goes back into the middle of the nineteenth century. One of the threads in my book follows this two-century period: the rise of credit scoring and credit rating and credit evaluation. How it is that these new institutions emerged to assess the creditworthiness of debtors, both individual and corporate and both public and private? But that's just one aspect. There's a bunch of other things going on over these two hundred years. Basically, I'm working on a book that hopefully will offer some historical institutional analysis that will help people make sense of this very recent catastrophic event, the 2008 crisis. And, of course, there are doubtless more crises to come because there's never one last crisis. There's just a series of crises, so, I'm sure something else will blow up in our faces. Hopefully, not too soon. But you never know when it comes to finance.

—David Graeber [2011] argues that, over the last five millennia, there was always a belief in the idea that debt should be repaid and, without pointing to the moral premises of economic behavior, we could never understand how the economy works. Do you touch upon these subjects in your book?

—So, that certainly plays a role, but I'm not as ambitious as Graeber. I'm not talking about five thousand years. I'm more modest. I'm only going to talk about two hundred years. So, I'm not as grandiose in my claims. But certainly, the moral aspect of debt is important for the cultural context, for how these obligations are understood socially because, when you are indebted to someone, there are many dimensions of indebtedness, some of which might be narrowly economic.

[2] The Big Three credit rating agencies.

[3] *The Dodd–Frank Wall Street Reform and Consumer Protection Act*, the financial reform passed in response to the 2008 crisis, aiming to change the financial regulatory ecosystem to improve financial stability and protect consumers.

It could be that I owe somebody some money, you know, just like I've written an IOU[4], or I borrowed money, and now I have to repay them. And it could be that that's a formal legal obligation. So, maybe we've signed a contract, or I've written out a promissory note. But, of course, there are many other types of indebtedness. You know, I can have a social obligation to someone, and these operate very differently. In the development of a consumer economy, one of the things that's happened concerns the stigma that was attached to debt, that being an inviolable encumbrance of an individual. First, it's better not to borrow money. So, stay out of debt. That's rule number one. Rule number two is, if you do have to borrow, of course, you are morally and ethically obliged to repay your debt to be an honorable person, and if you fail to discharge your obligations, then your reputation is ruined forever. You're a bad person, and you can never be trusted, right? All of that moral freight that got attached to debts, certainly was operative in the early part of the nineteenth century, but it's way more difficult to have a modern consumer economy unless you encourage people to borrow money.

So, one of the things, one of the tricks that people who wanted to sell mass durable goods had to figure out (starting in the nineteenth century, but certainly leading up into the twentieth century), was how to mitigate that stigma in such a way that large numbers of people—ordinary working people—would be very comfortable going deeply into debt, so they could buy a house, for example. The housing market in the United States would crash if everyone who was going to buy a house had to save the price of the house first. So, "save, then buy" wouldn't work. Now, most buyers save a very, very small proportion of the down payment, maybe 1 or 2 percent of the value, and finance the rest. So, they go into enormous debt, but they obviously have to feel like debts are okay: "I'm not dishonoring myself by taking out a home mortgage, right?" And that's just for houses; you know, automobiles didn't become mass consumer goods until the automobile industry figured out how to lend people money, so they could buy cars. So, automobile financing became a very big deal and the key to the success of the auto as a mass consumer market. The same is true for lots of durable goods. So, I wouldn't endorse the sort of David Graeber characterization of debt that you offered at the beginning of your question. Debt is not a timeless cultural fact; it is a theme that varies over time, and in some countries, the development of a modern credit economy has happened precisely because people have undermined that stigma. They have eroded it; they have shifted and transformed it. They have made it that, you know, being in debt is not a form of social death. Even though, I can find, and many people have found, if you look at the rhetoric around debt in the late eighteenth and early nineteenth centur y in the United States, you can clearly see a public culture that argued against it, that said that debts were really bad, and that the failure to meet your obligations was a form of social death. You are now forever dishonored, and you're a bad person, and no one will ever let you redeem your reputation. So, there was an extremely heavy weight attached to debt, but that clearly is no longer the case.

—Is it the same for credit rating? Does having a bad credit rating or social rating like in China equal social death?

—I would say it's not as simple as life or death. It's more like—are you on life support? I gave my presentation here[5] and gave a talk based on my research to the other fellows just about a month ago, and someone told me about an episode of *Black Mirror*[6], where everyone has these social ratings. They're busy trying to manage them and worry about what happens when they're too low. I watched it, and I thought it was a pretty clever. It clearly posed some issues relevant to credit scoring. For a long time, people didn't know that credit scores were there; they were a secret. In the United States, some laws were passed, so you can find out what your

4 "I Owe You" abbreviation, informal document acknowledging debt.

5 SCAS, "The Economy of Promises: Trust and Credit in the United States of America», October 23, 2018. Please follow this link to view the videotaped lecture: https://vimeo.com/297307124

6 A British sci-fi anthology series created by Charlie Brooker. Bruce G. Carruthers refers to the episode "Nosedive" (S3,E1), which is set in a fantasy world where people rate one another for every interaction, thus one another's social and economic status.

credit score is. But that wasn't an assumption, the idea that you know what your own credit score is. You can worry: is it too high or too low—really, more people worry is it too low? That's not even a possibility if you don't know what your score is: whether other people will know your score. Maybe I know that I have a low credit rating; that's one possibility, or it could be that no one knows I have a low credit rating. So, the ability of individual credit scores to enter into and shape widespread social interactions is highly contingent on how much this information circulates publicly and also what it's based on.

Different countries have different privacy rules in place, and privacy rules tend to be more stringent in Europe than in North America. You are certainly seeing that in the regulation, or attempted regulation, of tech firms like Google and Facebook. But when it comes to credit scoring, some countries allow credit scoring firms to gather positive and negative information, while some countries only allow the credit scoring industry to collect negative information. What that means is that, if you're in Europe, in a country where only negative information is allowed, and let's say you borrow money, and you repay the loan, nothing bad has happened. That fact cannot be tracked by anyone; they can't gather that information. I can't know that factored into a score. If you borrowed money and then defaulted on your debt, that's negative information, and then, even in countries with stronger privacy laws, they can make note of that fact. They're allowed to know that fact, and they're allowed to use it to adjust your score. In the United States, both positive and negative information is all put together, so that the credit scoring agencies can know if you borrowed money, did you repay the loan or didn't you? Both those things are material facts. If you're constrained to only gather negative information, and you can only know about the bad things a debtor did, you can't handle the loans they repaid successfully or properly serviced. So, the meaning of a credit score as a thing that's attached to the individual, like in *Black Mirror*, or as reflected in some of sort of Foucauldian *governmentality* fear that people have about credit scores, depends on how widely that information can circulate and also what it's based on. There is variation over time and across countries on both those issues.

The Chinese social credit system is an interesting example, because in China, in relation to the state, there is no privacy. The state can gather all the information people have. And the social credit system they are building looks like credit scores on steroids. It looks like an even more dramatic extension into all kinds of realms—not just your credit behavior but also your online behavior, you know, what kind of social networks you are attached to, your social media presence. All of this stuff is being somehow pulled together and turned into a score that will be dramatically consequential if the system is rolled out and given full expression, because it's clear that it's going to affect not only access to credit but also access to employment, housing, and public transportation . It could be a singularly consequential number if the Chinese social credit system becomes as elaborate and as ubiquitous as is envisioned at this point. They haven't finished. It's a massive social regulatory apparatus to build, so they're not done yet. We don't know if it will be fully realized, but the direction it's headed in is certainly nerve-racking.

—In one of the interviews, Thomas Piketty [2016], the French economist, argues that ignorance of history is the main limitation of economic research and, if we want to understand the basic social facts that we observe, we need a "total" approach—economic, political, social, and cultural at the same time. Your studies have a particular historical angle: you're working at the intersection of economic sociology and economic history. Do you consider your approach to be "total"?

—So, I wouldn't call it total because total suggests you've got everything. I certainly share Piketty's criticism of economics. I think it's not inclusive enough, and I think that intellectual inclusivity is the way to go. And you're right in terms of my own work—I do work at the intersection of sociology and historical sociology, and the sociology of law and economic sociology, and, you know, I work at a bunch of intersections. All of this means that, when I study some phenomenon, I'm trying to figure out, what's its legal aspect, what's its organizational aspect, what's the political aspect, what's the historical context. So, I try to be very inclusive. I don't know if I'm becoming total about everything in my approach because everything sounds like a lot. So, I don't know if I ever reached total, but I move in that direction, and I would certainly be in the same spirit as Piketty in that regard. I think what makes that hard to do is, especially, when you get into the granularity of history and culture and law, you just need to know a lot of stuff. You know, you can't just sort of say: "Okay, I've done this analysis of the Paris stock exchange in 1803, and now I'm done. I've learned something interesting." If you're going to embrace the Piketty total approach, you probably also have to know something about French political history and what's going on in Paris. You have to learn a lot of granular details about context to help make sense. You can't just sort of bracket all that out and say: "I'm going to ignore all that stuff. I'm just going to analyze this data here." And that takes a lot of work. It means we must learn what was that thing called the French Revolution and was it Louis the 14th, the 16th, the 18th, or I can't remember? You have to sort out a bunch of stuff. And in terms of being a good researcher, it takes a lot of time. You have to invest a lot in learning before you can deploy that total approach. You not only have to do all that work, you have to want to do it. You have to be curious about the history, and the context, and the politics, and the culture. You have to want to know about that to then go off and learn it, then enrich and properly contextualize whatever specific phenomenon you're interested in, and that takes a while. If you are looking for quick articles, in six months, you can get some data, download it from the Internet, analyze it, do some robustness checks, and then you can publish your article. That sort of quick and dirty is really hard to do if you have also to say: "Okay, now you worry about the historical context. Oh my gosh, you've got to learn about the French Revolution or tell me about slavery in America or the Civil War." All these big events take a lot of work to learn about, to properly understand. That's the background work you have to do before you can say something useful and put it in a proper context. I might not use the same language as Piketty, because total sounds too absolute to me.

—Too economic…

—Well, I don't know if it's too economic, but it is too absolute in the sense that total means you've got 100 percent of everything; you've got it all. And I think we need more. I don't know if we will ever get to the point of having it all, because maybe there's something you could not even think about on this list. I don't know if he thought: "okay, you need to know history; you need to know politics; you need to know culture, or what else?" Well, why stop there? Maybe you need to learn about the world ecosystem. We're at a point where some of our topics intersect with issues of climate change, then you have to start thinking about meteorology and global climate change and geology, and that's sort of the *longue durée* of human society-ecosystem interactions. To ignore that means you're missing something. I don't know, but that would be even more total than what Piketty was talking about. But you can't do that forever, because at some point you have to stop. Otherwise, you'll just spend your life working on one project and finding deeper, richer, and more grandiose contexts in which to put it. So, there has to be some stopping point to that.

—Last year, Mark Granovetter published his long-awaited book on the diverse ways in which society and economy are intertwined, further developing the embeddedness argument [Granovetter 2017]. In the book review, you mentioned that we receive "*a valuable conceptual tool kit with which to do economic sociology*" [Carruthers 2018:30]. In your opinion, how should one *do* economic sociology? How does one think like an economic sociologist?

—Well, first of all, in my opinion, there is no single recipe.

—So, what is yours?

—My personal recipe was akin to going into the lab and doing lots of experiments. Lots of things are discovered by accident. So, I've had lots of accidents in my academic life. I think the first thing we must have is a curiosity about things economic , rather than having economic or financial matters be a topic that makes you fall asleep, or that you want to ignore, or think it's too complicated, which is the reaction of some of my colleagues. I don't mean my departmental colleagues, but I think there are lots of topics that sociologists regard as boring and uninteresting or not worth the bother. And if you're going to do economic sociology well, you can't afford to do that. You have to be curious about things that are normally ceded to the economists when it comes to analysis. So, you have to be curious, and you have to be willing to do more work.

This builds on my answer to that Piketty question: you have to learn stuff about the economy, and if you are trained in sociology, and you start being a sociology major as an undergraduate, and then you went to graduate school in sociology, you probably haven't had a lot of courses in economics, where you had an opportunity to learn much about what economies do. And that's a big investment you will have to make. That's part of your own intellectual context that you'll have to attend to. So, you have to be curious. You have to be prepared to do additional work. You can't just rely on your sociological training.

In economic sociology right now, a lot of the interesting work takes advantages of various intersections. There are certainly interfaces or intersections between economic sociology and, for example, historical sociology, or the sociology of culture, or science and technology studies, or people in the sociology of inequality. I think those are the interfaces where a lot of interesting work is happening. So, a good recipe for economic sociology is to mix ingredients. You've got economic sociology, but if you add some sociology of gender, you can do some really interesting stuff on women in labor markets , or if you add some sociology of inequality and look at this growing disparity in incomes and wealth, you can do some interesting work there, and you're going to be engaging a very traditional topic in sociology. In the case of cultural sociology, if you start to think about consumerism and how much the world of consumer goods is about bearers of meaning, and that that's what we're buying when we buy a commodity. We're not only getting an object that's useful; we're getting something that bears cultural significance, and that's why we buy it. How can you understand cultural significance? Well, that's where your colleagues who do cultural sociology can be really, really helpful. It's good for you to talk to them, to see if I understand how I can make sense of these meanings, and why do these objects gain such traction in my life, or in my family or my social status, that I want to pay for them, even though, materially, they are no different from a bunch of other objects? So, a good example would be, a T-shirt, a very simple garment that might cost, I don't know, five dollars, right? Very, very cheap, made in China. It's a total commodity. If you put a *Nike* swoosh on that same T-shirt, suddenly it costs five times as much, and it has cultural meaning—it's been branded. Why does the addition of this little swoosh to the T-shirt make it much more valuable, such that I'm willing to pay you extra money, and everyone else is willing to pay extra money for the swoosh, but otherwise, it's exactly the same as the other T-shirt , also made in China?

Thinking about why we operate in the world of goods, where cultural signification matters, is an opportunity for the economic sociologists to talk to the cultural sociologists, then similarly, people who take the historical approach, and this is very much my own kind of the interface in which I operate . The current operation and institutional setting of a modern economy did not just appear by magic; it's not an eternal situation. It's something that has evolved and is subject to contingency and historical accident. So, the tools of historical sociology are really helpful for figuring out how things came to be this way. Again, that's a place where it would be great to have a conversation between the economic sociologists and the historical sociologists.

Back to how to do economic sociology. I think, curiosity and willingness to learn things that you didn't learn in graduate school because they weren't part of your training and a willingness to talk to your colleagues and other specialties are all good ways to do economic sociology. And then, when it comes to what Granovetter presents in his book, he lays out a bunch of questions and things you might want to pay attention to—those are some more specific things . But, I think, in terms of building up Granovetter's book, the three items I just articulated would be where I would say: "Okay, take Granovetter's book." It gives you some clues, but add to it the following things, and you can probably do some interesting economic sociology. The other thing that's great about the economy is that it's always changing. It really is a dramatic eventful social institution; there's always something going on. So, you'll never get bored with it, you know. What's going on may be terrifying. It may be gratifying, but it's certainly not going to be boring.

—In "Money and Credit," you and Laura Ariovich argue that "credit in some form has always been a part of the American economy, but its overall volume, shape, sources, and purposes have evolved considerably" [Carruthers, Ariovich 2010]. In light of this, I would like to speak about some displays of the modern consumer society. After the economic crisis of 2008, we observed the enormous rise of alternative forms of organizing the economy. New forms of credit such as peer-to-peer lending and investing, crowdfunding, etc. popped up. These forms are united by the lack of the need for a traditional financial intermediary. Do you think these phenomena may challenge financial market?

—That's a great example. Like a lot of recent examples, I will wait a little while to see what happens, to separate out the promotional hype that has been offered by advocates for it, who all say this is a "very disruptive technology; it's a game changer; we're going to remake the world." You know, there's a lot of marketing hype that gets attached to that. So, you have to be careful not to be seduced by all that, but it may turn out that it actually will serve as a vehicle for intermediation, and a vehicle that circumvents the banks, as you suggested in your question, or that now, savers and borrowers are going to directly link on this platform, and it'll be peer-to-peer or person-to-person. My guess is that, if this thing proves successful enough to start to funnel or channel substantial resources, or if it manages to tap into a market niche that has been overlooked by other lenders, if it gets big enough, and if it's successful enough, the market incumbents will simply take it over or buy it out. So, I don't think in the long run it will be a threat to them. I really don't. I think, if it succeeds enough so it could possibly become threatening, they will use the advantages of incumbency just to buy it out. A good example that's also happening at the same time, where there's a new technology that seemed potentially disruptive, and the advocates for it say it's going to really remake the world, has to do with *bitcoin*. So, *bitcoin*, you know, had a cachet in initial consumption among other cryptocurrencies. It seemed, to its advocates, to embody a way in which people could create money without the state: the government wasn't involved, there would be no central bank, and there would be no government. It's the sort of libertarian fantasy that's being enacted in code.

And, of course, the value of bitcoin is hugely volatile; it bounces up and down. I think, it's crashing these days, but, generally, the value of bitcoin has gone up but not steadily up. It's just increased, but in a way that's subject to much volatility, and it's attracted lots of attention. If you look at who is interested in cryptocurrency these days, cryptocurrency has gotten big enough and important enough that the major financial players are getting interested in it. If it seems useful to them, they'll just take it over, and the libertarian fantasy of a narco world of independence, you know, "we're outside of government"—that's just not going to happen. I think, the same will be true for these peer-to-peer platforms. We don't know if they'll succeed. There's lots of hype about them these days. But if they do succeed, I don't think they will fundamentally dislodge big financial institutions. The big financial institutions will simply take it over, and they will internalize that success and freedom, and it will be another model. It will be another way in which they can do their business of intermediation. It won't go through their bank branches, but it will be a separate kind of tech platform, another service they'll offer to clients. And it will have a different cost structure. Because you don't need bankers or loan officers, and you don't need deposits, so you don't need to be subject to the regulatory apparatus that affects deposit banking, for example. It will be a kind of a space in which they can operate with some level of independence. But I don't think it's going to dislodge the incumbents. The incumbents are so powerful at this point that it would take more than a successful peer-to-peer system to push them out. But that all remains to be seen. So, we don't know, and I don't mean that in a pessimistic way. I don't know if that would be a good thing or a bad thing. I can't really tell. It depends on what you think the purpose of a financial system is, and what they would do with it. But, if it succeeds, they'll just absorb it. And I don't think it'll be a threat for long.

I think there are some interesting regulatory questions that will have to get asked. A lot of banking, a lot of financial regulation is what they call entity based. It's really a bank regulator who looks at the bank and says: "how is this bank behaving?" And is this bank solvent? The kinds of vulnerabilities that traditional banks have may not be the same as the kind of vulnerabilities you might get in a peer-to-peer system. In a peer-to-peer system, I would say, when the money gets big, it will be interesting to see how to mitigate the problem of information in that setting, so that the lenders don't feel that they've been misled, that they were lied to, and that somebody borrowed money from them and misrepresented their situation. I think it will be a very interesting puzzle when fraud is something that's subject to regulation in lots of different settings, including finance. It will be interesting to see how the regulators interpret the danger of fraud in peer-to-peer settings. We'll just have to see, but the regulators are playing catchup here, because this is a new kind of thing, especially if it succeeds, not only the incumbents, who will want to appropriate that success, but also the regulators will have to decide what to do with this thing.

So, another good example: *Uber* is a very similar kind of platform technology. It sounds like a very successful thing, and it sounds very disruptive. *Uber* is insisting that they are an IT company, they're simply a platform, and that the drivers don't work for them. But there are increasing numbers of regulators and judges who are saying that, actually, those drivers work for *Uber*. They say: "We've made a determination that that's the role: it's not that you are a platform neutrally bringing two parties together; you are actually acting like you're an employer, and the drivers work for you, and they provide a service to your customers, and that's a very different model." There are regulations that apply to that old model, and once those regulations get applied, the cost advantage of *Uber* may disappear. It won't look like such a good deal in comparison to old-fashioned taxi cabs and such. The regulators are still trying to figure out what is this thing? *Uber* made a claim on behalf of themselves that they are a tech company, but that doesn't mean that the regulators have to accept that claim, because that's obviously a deeply self-interested claim. That's part of the promotional hype, like, you know, "we're doing something really different or being very disruptive here," but maybe they're just doing regulatory arbitrage or something like that.

—To my knowledge, there is growing debate about the regulation of such platforms that exist in a kind of legal vacuum.

—One of the entry points into that is that the rhetoric of sharing economy is incredibly positive and benign. Boy, that sounds great! It's like I've just shared coffee with you. That seems like such a kind of win-win, you know, horizontal egalitarian activity working to share things. As a regulator, you should be just a skeptical person. You should not, of course, accept that rhetoric, but you should understand it's an attempt to frame this in a particular way. It's a deeply self-interested framing. It's a framing with an agenda. And you would, probably, want to ask what exactly goes on in the so-called sharing economies.

—My last two questions. Could you share your plans for the future research with the readers? Which topics do you consider to be most promising for you personally and for future studies in economic sociology?

—In terms of me personally, like I said, my new book project is my old book project. Finishing that is really my priority, but I have just started a project with one of my colleagues at Kellogg, in the business school. It's a project on the relationship between corporate social responsibility and corporate taxation, and the prompting question for that research is (it's based on the American context): why do ordinary notions of the social responsibility of business, or firms, or corporations, why do those ordinary understandings apparently not include the obligation to pay taxes and fund public goods that benefit corporations?

There are some very clear examples of very prominent firms who appear to be socially progressive in many nice ways. *Apple* is a great employer. They recognize and support the diversity of their employees in various ways. They were very early to provide benefits to same-sex partners. An employer in the United States will often offer health and pension and all kinds of benefits to the employees but also to their families. Same-sex marriage is relatively recent in the United States, but even before it became a legal possibility, *Apple* was basically saying: "if you're a man who works for *Apple*, and your partner is another man, well, we will offer our benefits to you, even though you're not really married, even though there's no legal recognition of your relationship." People think that is really progressive, and in terms of their employment practices, they would be so socially responsible. And, you know, *Apple* is also very green; they recycle everything, and they are worried about their carbon footprint—again, on environmental issues, they seem very progressive. Then *Apple* is well-known for being absolutely ruthless about minimizing its payment of taxes. And apparently, the people who run *Apple* don't think it's their responsibility to pay taxes. So, that's just one example.

What my coauthors and I have done is we've gathered a bunch of data on a bunch of big, publicly traded American firms, and we've merged financial data and then different measures of corporate social responsibility. We're curious to know, not for a single example like *Apple*, but for the big sample, what is the relationship between effective tax rates and performance on various indicators of corporate social responsibility? So, I'm going to focus on my book, but I hope we will make some progress on that topic this year as well. Certainly, it's sort of the next thing I'm going to move on to. I have another project with a former student that looks at nonprofit organizations, and how they have incorporated business features, how they've adopted the ethos and some of the institutional structures of for-profit organizations to become more businesslike and so on. This person and I, we've gathered a big dataset of American museums, and we track that population over time to see when they adopted certain key indicators of becoming a more businesslike organization, even though they're all nonprofits, and they're not there to make money, they're there to house beautiful art and make it available to the public. That's what museums do. But every once in a while a museum might do something like "let's create an office; let's hire somebody who's like a chief financial officer." Old-style museums never had anyone who worked for them called the chief financial officer. That's a very businesslike position, and it's a powerful one. And when a museum adopts or creates that position and then puts someone into it, in our thinking, that's something significant— that's a museum that's decided to signal to the outside world that they're becoming more businesslike. They're not just some fuzzy-wuzzy nonprofit, but they're real, hard-nosed, and bottom-line oriented, and having a chief financial officer is a good way to signal that. That's obviously just an example. So, we're looking across many museums and a big chunk of time and, for a variety of indicators, we're busy trying to see what are the influences that encouraged, that drove American museums to adopt more and more of these features and to look as if they were more like businesses to the outside world. So, I think those are my two projects in terms of future topics.

One of the great opportunities for economic sociology, but also for sociology in general, is the world of big data: developing tools and deciding how we want to analyze big data, and what sort of opportunities does it offer? I think, that's something that economic sociology wants to think seriously about. It's particularly incumbent on economic sociology because one of the things that is very characteristic of markets and economic activity is it begets data on its own; markets are very numerically populated places. There are a lot of numbers and a lot of measures hiding in markets. And if you could appropriate them and analyze them, you learn how to do that on a scale that is unlike how I was trained. When I was in graduate school, if somebody was going do a big survey, a national survey of opinion, you might have a sample of fifteen hundred people. That was a big sample. And putting a survey on that scale, that seemed like a very big deal. Of course, a sample size of fifteen hundred in the world of big data, that's nothing. It's more like fifteen million or one point five billion, right? That kind of sample size. So, what is big? As it's gotten bigger, especially in economic sociology, there's an opportunity there because of the ability to analyze, to gather and analyze data on that scale. It's now a reality. It's not just something for people who have access to supercomputers , but you can have access to your desktop and the cloud, and we can start to put your arms around data sets that big and attached to the economy. And that's not so much a particular topic, but a set of methods that, I think, it would be very good for us to think more about and to exploit. And then, you know, the skill set to do that is pretty rare in sociology still. A lot of people don't get trained to analyze big data, or they don't really know what to do. But that skill is spreading, and, I think, it would be a good idea for us to incorporate some of that in our own body of research.

Mayya Shmidt,
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