

**ECONOMIC SOCIOLOGY PRELIMINARY EXAMINATION  
AUGUST 2005**

**MORNING SESSION**

**Part I. Basic Concepts (25% of exam grade)**

Select **five** of the following concepts. For each concept, succinctly: (1) Explain what the concept means. If there are multiple meanings or contested meanings, you should indicate these; (2) Name one or more authors whose work is prominently associated with the concept; and (3) Briefly explain the relevance of the concept for sociological theories of the economy.

Externalities	Asymmetric information
Institutional isomorphism	Transaction costs
Multidivisional corporate form (M-form)	Efficiency wages
Bounded rationality	Coase Theorem
Adverse selection	Nash equilibrium
Learning by monitoring	Agglomeration effects
Effective supply	New economic geography
Social wage	Corporatism
Public goods	Endowment effect
Sour grapes	Framing

**Part II. Labor Markets and Work Organization (25% of exam grade)**

Answer **one** of the following:

1. There continue to be differing labor market outcomes for racial and ethnic groups in the U.S. Briefly describe the key theories about the relationship between race/ethnicity and labor markets and identify key empirical studies that support these theories. Which theories have received the most support in recent years and what are the remaining research questions/issues for this research?
2. Deskilling, upskilling or fluctuations around a stable trend: which of these best captures the findings of sociological research on the impact of technological and organizational change on workforce skills in the United States and other advanced economies over the past three decades?
3. What are the primary explanations for the rise in earnings inequality in the United States over the past quarter century? Review the arguments and evidence in this body of literature. On balance, what factors do you feel have been most important in generating this trend?

4. Changes in firm organization both increase returns to human capital investment and discourage such investment for large numbers of workers, who can no longer rely on settled “career paths” for advancement. Review these changes in firm organization and their effects on human capital formation. What if anything does economic sociology have to say about solving these problems?

5. It is a singular point of consensus among mainstream politicians that education and training are critical to improving worker welfare. But training alone only creates jobs for the trainers, and most studies of adult training show little positive effect of training on the workers who get it. Review the literature on these points and how they might be reconciled through alternative design of human capital systems.

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**AFTERNOON SESSION**

**Part III. Economics and Economic Sociology (25% of exam grade)**

Answer **one** of the following:

1. Sociologists have long criticized economists for assuming narrowly self-interested actors. However, in recent years, many economists have begun to adopt broader views of human motivation, explicitly incorporating many “sociological” concerns (e.g., fairness, altruism, identity, preference formation) into their models. Describe some of these efforts by economists. Despite these efforts, many economic sociologists remain firmly opposed to rational-choice models. Is this opposition warranted? Discuss.

2. Mark Granovetter, Ron Burt, and Brian Uzzi have emphasized the importance of social networks in firms and markets. Discuss the main concepts and arguments offered by these economic sociologists. To what extent can these ideas about networks be formalized and/or critiqued using economic models? (In particular, you might consider repeated games, bargaining theory, and strategic network-formation models.) Are there sociological claims about networks that remain poorly addressed by economists? Discuss.

3. What are the key assumptions and implications of transaction cost economics? Discuss some of the empirical applications made by economists. What theoretical critiques and/or empirical evaluations have been made by sociologists? Does transaction cost economics remain a useful perspective for economic sociology? Discuss.

4. The theory of comparative advantage is one of the great achievements of economics, with policy recommendations that are often deeply counter-intuitive. Recently the theory has come under substantial attack from within economics. What is the theory, what are the most telling criticisms of it, what are the natural implications for policy, and what does sociology tell us about their plausibility?

#### **Part IV. Comparative/Institutional Economic Sociology (25% of exam grade)**

Answer **one** of the following:

1. Are contemporary trends toward globalization, regionalization, and hybridization eroding the distinctiveness of national business systems or varieties of capitalism? If so, are such developments leading to global convergence around a single institutional model or to the emergences of new forms of local diversity?
2. Capitalist countries vary considerably with respect to the institutional environments for making investment decisions. Some countries rely on stock markets, while others use banks for allocating capital. What are the effects of these different institutional structures for managerial decision making? Choose three countries with different systems of capital markets and assess how they affect economic actors.
3. Much attention has been given in recent years to the phenomenon of industrial districts or economic agglomeration with high spatial concentrations of firms producing similar products. Discuss alternative theories for why such agglomerations occur and why they tend to generate productivity advantages. In your answer, be sure to discuss at least two empirical cases of agglomeration.
4. “Liberal systems need to decrease poverty without increasing unemployment. Social democratic ones need to decrease unemployment without increasing poverty.” For these related but different problems in different sorts of systems, what do we know about the most effective solution strategies, and why are they frustrated by the background politics of these different systems?
5. In both “organized” and “disorganized” versions of capitalism, we see more attention to sub-national systems for promoting economic development. Take two national systems, one antecedently highly federal and one with a more unified state. What are their respective advantages and disadvantages — in efficiency and equity — executing this shift in emphasis? For policymakers interested in maximizing both, what would be your recommendations in institutional infrastructure and policy, as grounded in available research, for doing so?