

Jens Beckert



*At the age of 39, **JENS BECKERT** wouldn't describe himself as a connoisseur of fine wines. Nevertheless, he is well informed about the prevailing prices and provenances in this field. As Director at the **MAX PLANCK INSTITUTE FOR THE STUDY OF SOCIETIES** in Cologne, he is using the methods of new economic sociology to investigate market mechanisms.*

The vineyards that produce the grapes for *Corral de Castro Crianza* are among the loftiest in Europe. Difficult climatic conditions are generally accepted as one of the bases for a wine with a particularly intense flavor; a bottle of the 2004 vintage sells for 7.90 euros. The 2001 *Jané Ventura Mas Vilella* sells for the substantially higher price of 24.90 euros. *GUÍA PEÑIN*, the well-known Spanish wine guide, awarded this vintage 93 points out of 100. Whereas *L'Ermita 2000*, produced by the internationally celebrated winemaker Alvaro Palacios and which scored 97 points on the PEÑIN scale, costs a hefty 339 euros.

What accounts for such price differences? In Jens Beckert's opinion, it is not just the taste. Not that he would claim any particular expertise. He does prefer wine to beer, and while on vacation – the last few years in Portugal – a visit to a winery is generally on his itinerary. But Jens Beckert is not a man with a passion for wine. His interest in the subject is of a more sober, scientific nature. As Director at the Max Planck Institute for the Study of Societies, the 39-year-old economic sociologist is concerned with the wine market mechanisms that determine price.

"Even at tastings with people who describe themselves as wine connoisseurs," he explains, "it is an established fact that there is very little correlation between their assessment of the quality and the price on the bottle." A disappointing revelation for buyers of wine. "But very interesting to us," adds Beckert.

Even very good wine generally costs less than 10 euros per liter to produce. Grape variety, region of origin and vintage all play a big role in determining price; there are detailed tables that prove the point.

"But it is equally important to sell not just the wine, but a lifestyle aspiration that appeals to potential buyers. Regionality is one criterion: a return to a smaller-scale world. The impression of hand-made quality. And of course the price itself is perceived as a symbol of quality – it is a case of price justifying price," says Jens Beckert.

Moreover, the wine market is embedded in the structure of the political economy. The question of which Spanish wines, for example, are allowed to carry the "D.O.C." seal of approval, or which French wines can call themselves "A.O.C.", is a matter of politics. After all, certified wines fetch higher prices – even though this is not necessarily proof of better quality.

SIZE AND YEARS ON THE JOB DETERMINE THE PRICE

Beckert's investigation of the wine market is still at an early stage. The work follows on the heels of a previous study that he and his colleague Jörg Rössel carried out on the art market. In the latter case, the situation they faced was even more extreme – the differences in price even more radical and the criteria that determine them even less clearly defined. Their study began with the hypothesis that the price of art is primarily the product of mechanisms concerned with the attribution of reputation.

Beckert and Rössel populated an entire database with information on the works and careers of individual artists in order to discover which factors determine the price of a work of art in a gallery or at an auction, ranging from the material and the size of the object, the length of the artist's career and the awards that he or she has received, through to the gallery's reputation and the

reviews written in art magazines and journals.

Some of the results proved quite surprising: there was a clearly discernible connection between the size of a work of art and its price. Similarly, a criterion as artless as the number of years an artist had devoted to his profession proved also to be of statistical significance. Rössel and Beckert, whose interests regularly drew him to art auctions while studying sociology in Berlin, describe the latter finding as "somewhat disappointing." They suspect that galleries have a policy of continuously increasing prices in order to provide art buyers with a degree of investment security.

In reality, these studies of the markets for art and wine are just small-scale trials. These examples based on empirical data simply demonstrate what Beckert has already expounded elsewhere on a much larger scale: the extent to which the rationality of buyers and sellers is essentially social in origin. And how the highly specialized criteria that ensure the rationale of transactions in a specific market segment are in fact a product of the segment itself.

There have been discussions in the field of economics since the 1980s as to how motives, which at first sight appear to run counter to the rational self-interest of the party concerned, are ultimately explainable as a function of the optimization of individual benefits. The debate was triggered above all by the work of American political scientist Robert Axelrod on cooperation strategies.

For Jens Beckert, however, these latest revelations in the field of economic theory leave certain questions unanswered: "Certainly one can try to continuously expand the limits within which human behavior can be rationally reconstructed. But



For Jens Beckert, Cologne may lack the imperial stature of a capital city such as Berlin, but it is strong on history.

how individuals manage their actions in a complex environment, how they actually behave, is another question entirely. And that is what interests me.”

AGAINST ECONOMIC IMPERIALISM

As Jens Beckert speaks, the point he is making is quite audible. His emphasis not only makes it easy to follow the statement he is making, it also conveys a certain urgency that contrasts strikingly with the restraint that Beckert otherwise generally displays. Slim and on the tall side, if not conspicuously so, and dressed in his habitual suit, he looks neither the businessman nor the picture of elegance, but merely pleasantly neutral.

Sociologists who, like Beckert, concern themselves with the interactions of the market are driven not only by the desire to give economics a helping hand. Ever since Chicago economist Gary Becker began, in the 1970s, to study the economics of the family and of crime, extending his rational choice approach to phenomena outside the scope of the economy *per se*, sociology has been facing competition in what might be described as its own backyard. Since the mid-1980s, a movement within

the discipline has attempted to stand up to this economic imperialism: the New Economic Sociology, of which Beckert considers himself a representative.

“The New Economic Sociology is attempting to show that economists with their reductionist approach, even in their own field of study of economic interrelationships, are unable to explain everything they set their sights on. On the other hand, many phenomena can be fruitfully analyzed using the instruments of sociology,” says Beckert. In the US, the New Economic Sociology has since become the fastest-developing segment of sociological endeavor. In Europe, however, and above all in Germany, it remains in its infancy.

That situation is likely to change following Jens Beckert’s 2005 appointment to the Max Planck Institute for the Study of Societies in Cologne. If things go according to plan, within a few years, the institute will have become a center for New Economic Sociology in Europe. “Even in the US,” Beckert reckons, “there is no comparable research institution in this field.”

A 1985 essay by American sociologist Mark Granovetter is regarded as the founding manifesto of the New Economic Sociology. In it, Granovetter emphasizes the concept of “embeddedness” as a central category of socio-economic research. “Embeddedness” sounds, as even Jens Beckert is forced to admit, a little vague. So how has this term managed to achieve such prominence? It refers to an idea that, at least at the time, was missing from the patterns of economic thought: that the structure of social relations between protagonists is decisive in explaining the outcome of their actions.

In the meantime, this idea has also been taken up by economists, for example in models of the “network economy.” Another example is network research into labor market sociology, which was also pioneered by Mark Granovetter. “The now familiar idea that it is not established contacts so much as weak ties and fleeting acquaintanceships that help when you are looking for a job can be traced back to this research,” explains Beckert. “The same approach has been used to analyze the reputation of banks, as well as migrant networks.”

DISSERTATION ON THE LIMITS OF THE MARKET

Jens Beckert, in his book *Die Grenzen des Marktes [Beyond the Market]*, which he published as a dissertation even before he reached the age of 30, and which has been translated into English, has put forward a program that shows how the principles of the New Economic Sociology



Tastings have demonstrated that there is little correlation between price and quality.

derive from a reading of classic works such as those of Max Weber or Emile Durkheim. Prior to completing this work, Frankfurt-born Beckert studied sociology and business administration at the Free University of Berlin. His mind was made up to study in Berlin, he recalls, ever since he went on a school trip to the city. “But in retrospect, it proved to be a

good choice from an academic perspective, as well.”

After a few semesters in Berlin, his travels took him to the New School for Social Research as a guest – “An intellectually stimulating place like no other in the 80s and 90s. Niklas Luhmann, Jürgen Habermas, Jacques Derrida and many others, the entire intellectual world – the American one included – came and went, there or elsewhere in New York.” Following his return to Berlin, Jens Beckert found employment with the sociologist Hans Joas. After a brief interlude at Harvard, Beckert duly qualified as a professor and held chairs first at the newly established private International University Bremen and later in Göttingen before making his way to Cologne.

There, he is continuing the work that he first began in Berlin and New York. The task of the economic sociologist, as defined by Beckert 10 years ago in his study *Beyond the Market*, is not so much to show that protagonists intentionally deviate from their self-serving objectives, but rather to develop theoretical concepts and carry out empirical studies to explain how protagonists make decisions under conditions of uncertainty – “under conditions in which they themselves cannot know which alternative action offers the best chance of achieving a given end.”

The lottery project: Why do 40 percent of Germans play the lottery even though half their stake goes to the state?



Uncertainty: this, too, is central to the sociological understanding of how markets come to be. According to the tenets of classical economic theory, markets sooner or later always enter a state of equilibrium in which there are no more profits and thus also no further incentive to invest. That is one of the most profound paradoxes of economics.

That, according to theory, is why players in the market consciously attempt to disturb the market equilibrium by differentiating their products or bringing new innovations to market – as a consequence of which purchasing power is siphoned off from other areas. In addition, they also try to exploit restrictions on the market, such as protective tariffs, for their own benefit. “Market protagonists are not solely concerned with making as good a profit as possible, they are also interested in influencing the rules of the market to their own advantage. That is not the same idea of a market as the one conveyed by a simple model based on the principle of exchange,” says Beckert.

How restrictions on markets come into being, how players attempt to shape these restrictions and how they are perceived – these are all important considerations for the economic sociologist. The condition of uncertainty defines a situation in which protagonists respond to an exchange as partners or as protagonists in a battle to shape the rules of the

market. Uncertainty in this sense is not the same as dealing with the opportunities and risk presented by future market developments. “Uncertainty,” Beckert emphasizes, “goes beyond anything you can mentally or physically describe in terms of numerical probability.” Uncertainty leads to a



Markets are not simple models based on exchange: Jens Beckert, a representative of the New Economic Sociology.

condition in which choosing the optimum alternative action is not an issue that can be decided by any unambiguously rational means. Factors of a social, cultural and political nature come into play. It is the task of the economic sociologist to show how these factors interact with one another in concrete situations, such as in the markets for wine and art.

INHERITANCE LAW ON TRIAL

Just as protagonists take positions in given networks, institutions also play a role in the emergence and existence of economic structures. Jens Beckert has investigated this in detail based on a very specific example: the development in inheritance law. His findings are published in a detailed study entitled *Unverdientes Vermögen [Unearned Wealth]*. On the first page of the book is a clue to another aspect of Beckert’s life: a dedication to a woman whose name conjures up images of a fairytale princess in *A Thousand And One Nights* – “For Farzaneh.” The sociologist’s résumé fills in some details: “Jens Beckert, born July 21, 1967 in Frankfurt a.M., married.” Farzaneh Alizadeh is Beckert’s Iranian-born wife, and a psychoanalyst. They met in New York. ▶



PHOTO: BERND SCHÜLLER

Jens Beckett holds with German economist and social scientist Max Weber: Politics is “a slow boring of hard boards.”

In *Unearned Wealth*, the book that earned him his professorship, Beckett compares attitudes toward inheritance law in different ages and different countries, such as France, the US and Germany. In this comparison, the constructedness of rational market behavior claimed by the New Economic Sociology manifests itself as a fairly tangible reality. The positions adopted by one party or another in the debate about inheritance law and inheritance tax cannot be explained purely on the basis of an assumed material interest.

Above all, however, Beckett warns that the debate must be conducted at a sufficiently diversified level. In this respect, he holds with Max Weber, who described the business of politics as a “strong and slow boring of hard boards that takes both passion and perspective.” Normative principles, stresses Beckett, “cannot be asserted with the ethics of conviction in society. There are, after all, people who endeavor to earn a lot of money with the intention of using it to establish their own family dynasties. They regard even the inheritance taxes that apply today as rank communism. That is something that must be taken seriously.”

When Jens Beckett first turned his attention to inheritance law, the sub-

ject was still sociologically unexplored. The same applies to another topic with which he is currently engaged at the Max Planck Institute for the Study of Societies, namely lotteries.

Only about half the revenues generated by state lotteries in Germany are paid out to players in prizes. The remainder, after deduction of operating costs, finds its way into the coffers of regional governments and the treasury, or is distributed as sports, social and cultural sponsorship. So why do 40 percent of Germans gamble on a game in which, from a statistical perspective, they only ever stand to win back half of their stake?

“People have a vivid imagination of what they would do with the money,” reports Beckett. This became evident from work conducted with a focus group. “One participant wanted to take her husband and her parents to the Caribbean. Of course you can look down your nose at people like that. But if you take the trouble to interpret it, it becomes clear that playing the lottery is like having a share in the lives of the rich and famous. It remains within the realm of the imaginary, but is nevertheless relevant to people’s lives. Looked at in that light, lotteries serve the cause of social integration.”

SOCIOLOGY’S CONTRIBUTION TO POLITICAL DEBATE

But don’t such considerations stray too far into political terrain? “The combination of science as science and socio-political commitment can be found in Weber and Durkheim. Sociology also has an interest in educating people about the social structures that define their lives.” As a sociologist, Beckett is also interested in discovering which features are attributable to players of lotteries. However, what he finds may, in the end, prompt more questions than answers.

Seen through the spectacles of a sociologist, playing the lottery is like

paying tax. In this case, the act itself is voluntary, but the advertising in which state lotteries engage is a strong stimulant to free will. What would happen if it were to turn out that the brunt of this taxation is borne by people who justifiably perceive themselves to be socially deprived and yet who are directly targeted by the lottery organizers?

“Difficult” is the term Jens Beckett uses when in the throes of clear yet cautious consideration. That is not an unusual occurrence. “In my research, I want to find out how things work,” he explains. “But that is related to the contribution that the findings of sociology can make to resolving society’s problems,” says the scientist.

The timing of this study of lotteries could not have been better. Following a judgment handed down by the Federal Constitutional Court at the end of March, the gaming market in Germany is facing a comprehensive makeover. According to the judges sitting at the Court in Karlsruhe, either the advertising for (state-owned) Oddset sports betting in particular must be toned down, or the fact that it is a state monopoly must be made clear. From there, it is only a small step to the demise of the lottery monopoly. A lucrative market is up for grabs: the state bookmakers generate more sales than the cosmetics or even the consumer electronics industries.

Thus far, the essential need to avoid addiction has been cited to legitimize their monopoly. However, the verdict of the Constitutional Court has made it clear that this justification cannot be used as a fig leaf to disguise the backdoor enrichment of government coffers. The revelations of the lottery study by the Max Planck Institute in Cologne are also likely to be of no little import in the continuing discussion. Jens Beckett intends to present the initial findings of his investigation at the *Deutscher Soziologentag*, the German conference of sociologists in Kassel in October.

RALF GRÖTKER