

Book Reviews/Comptes rendus

TODD SANDLER. *Economic Concepts for the Social Sciences.* Cambridge: Cambridge University Press. 2001, xiii+258 p. Index.

I would dearly love to have written a book that expressed my discipline (sociology) to outsiders as clearly and effectively as Sandler has expressed his. I would highly recommend this book as an overview of a subject that is joined at the hip with ours. Because economics is often caricatured (W.O. Coleman traces many of these misconceptions over two centuries in *Economics and its Enemies*, 2002), Sandler's exposition is needed. In addition to accessibly summarizing recent developments in the field and their fit with the key concepts, Sandler describes five frontiers in economics that are important for all of the social sciences.

First, there is a growing focus on strategic behaviour with the interaction of choices. Sandler plots the explosion of interest in game theory, as well as its current challenges. He emphasizes the basic and fundamental insight of rational expectations: that policy is not exogenous, and cannot simply be added on afterwards to models of behaviour and expectations. Economists have herein bravely ventured further than other social scientists in respecting the capacities of the people that they study. Actors theorize about, calculate, and anticipate what other actors will do even when they do not have insider knowledge or influence, and we should respect their knowledge or capability. Sandler predicts that including opinion leaders (recall the mid-century two-step-flow models sociologists developed for information spread) will be one of the active frontiers in game theory.

Second, awareness of, and knowledge about the imperfections of markets continues to grow. The result is improved understanding of the necessity of public sector interventions to support property rights, to enforce contracts, and to correct for externalities. The property-rights contract-enforcement battle is sometimes lost because of corruption and criminal activities, especially in transitional countries. Sandler considers externalities using fisheries to illustrate how regulation may be necessary to ensure renewability. Sandler's treatment of asymmetric information provides scientific rationales for regulation and extends work done by Mancur Olson, an economist much cited by sociologists for his *Logic of Collective Action* and to whom Sandler appropriately dedicated his book.

Third, economists decreasingly take institutions and tastes as given. Sandler leaves a door open for psychology by praising the endogenization

of tastes and predicts interdisciplinary work on learning of tastes. He praises sociology for describing the formation of conventions and norms of behaviour.

Fourth, economists increasingly incorporate insights and advances from other disciplines. In Sandler's words: "(...) group behavior is the subject of both economics and sociology; our understanding of it can be improved by drawing on and combining techniques from both disciplines into an integrated model" (199). Much of the discussion of the new institutional economics shows that there is a rapprochement between sociology and economics that will redound to the benefit of both. What is needed here is a combination of the comprehensiveness of sociologists' descriptions of social relationships and the analytic rigour of economists' rationality models.

Fifth, dynamic considerations are now a priority. Like sociologists, economists are attempting to decompose macro-explanations with micro-mechanisms. This decomposition promotes analyses that include individual decisions and specify timing. One result has been endogenous growth models that account for the role of technological innovation in economic development. Relatedly, Sandler promulgates a new role for government in the promotion of technical change and creative destruction since the fact that they disproportionately produce externalities means they will be underprovided.

Economics relies on a surprisingly small number of clearly conceptualized models. This limitation, though much criticized by sociologists, is a strength of economics. Assumptions have been worked over and digested, weaknesses located, and application guidelines carefully clarified. Sociologists, meanwhile, march out to conquer new fields without clear models or accepted theories or even proper digestion of their own previous research.

Sandler's book makes it clear that we lose touch with economists at our peril. Let us hope that someone on our side comes out with an equivalent "Sociological Concepts for the Social Sciences." But don't hold your breath: Sociology is more complicated and more difficult.

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