

# SOCIOLOGY OF FINANCIAL MARKETS

**Professeur(s) : Olivier Godechot**

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Financial markets have become a central institution of market societies but remain obscure. Courses on finance and financial markets are generally devoted to technical dimensions such as option pricing, asset allocation or valuation of assets. The ambition of the Sociology of Financial Markets class is to consider financial markets also as a human institution, with its history, its hierarchies, its various forms of rationality, its set of norms and beliefs, its social networks, its cognitive categories or its labor market. Analyzing the concrete day to day functioning of the financial markets is crucial not only for understanding this specific institution but also for understanding the logics that are diffusing beyond. Hence, financial markets are at the forefront of new forms of capitalism and constitute therefore an excellent observatory of their development.

The course will build bridges between concrete examples of financial markets, recent advances in the emerging field of sociology of financial markets and classical studies in economic sociology.

The course will be of great value for all students interested or attracted by financial markets, either as a possible option for a professional career, as a matter of political concern, or as an exciting topic of scientific study.

The class will be taught in English.

## Schedule

**Lecture 1.** Introduction and organization of the seminar. Historical approaches of financial markets

**Lecture 2.** Financialization and transformations of firms

**Lecture 3.** The financial labor market: exogenous and endogenous social hierarchies

**Lecture 4.** Rationalities of the market. Performativity of theories and social backgrounds

**Lecture 5.** Cognitive and social embeddedness : Financial categories and social networks

**Lecture 6.** Crisis and regulation

Students are invited to read one scientific article each week and to work more specifically on three articles on which they will write three memos that they will send to the professor. 1) One of the three memos will be two "powerpoint" slides which isolate the key points (either theoretical or empirical) of the demonstration of the article, 2) a second memo will be a one page report showing how the article relates to previous literature (and especially to other approaches presented during the class) and 3) a third memo will be a one page

report devoted to criticize (negatively or positively) the article. The professor will organize a discussion based on students' memos to which all students are expected to participate.

Validation will be based on the three short reports (20% each) and on general participation.

**Selected references for the lectures**

- Baker, Wayne E. 1984. "The Social Structure of a National Securities Market". *American Journal of Sociology* 89 (4): 775-811.
- Dobbin, Frank and Jiwook Jung. 2016. "Agency Theory as Prophecy: How Boards, Analysts, and Fund Managers Perform Their Roles", *Seattle University Law Review* 39: 291-320.
- Godechot, Olivier. 2016. "Financialization is Marketization ! A Study on the Respective Impact of Various Dimensions of Financialization on the Increase in Global Inequality", *Sociological Science* 3: 495-519.
- MacKenzie, Donald and Yuval Millo. 2003. "Constructing a Market, Performing Theory: The Historical Sociology of a Financial Derivatives Exchange", *American Journal of Sociology* 109 (1): 107-45.
- Zuckerman, Ezra W. 1999. « The Categorical Imperative: Securities Analysts and the Illegitimacy Discount », *American Journal of Sociology* 104 (5): 1398-1438.