On the Value of Sociological Theory for Understanding the Economic Crisis of 2007-2010

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The global economy has just escaped a near-death experience. The crisis exposed the flaws in the prevailing economic model, but it also exposed flaws in our society. (Stiglitz 2010)

Introduction

Capitalism is based on businesses borrowing money or raising capital from various sources. This money, once invested, is to help companies grow--will hopefully "yield returns," i.e., show profit. There is always risk involved with investing money, but that's the nature of capitalism; people take risks, in order to grow. If businesses are profitable, more workers are hired, and consumers are more likely to spend money in the marketplace. So borrowing money and taking risks is good because it produces wealth, not only for individual companies and investors, but for the nation as a whole. In the case of American capitalism, however, there is a tendency to take on too much risk, and when things go bad, to use public funds to bail out the risk takers. Though the social safety net for those at the bottom of society is rather meager by European standards, a safety net using public funds exists which encourages risky speculation. In addition, there has been a gradual whittling away of government regulations, giving risk-takers a level of freedom not seen since the 19th century. This has been described as the privatization of wealth/capital, but the socialization of debt. The following list of socio-economic trends outlines the nature of the crisis:

1) The unemployment rate stands at about 9.6% nationwide, higher in some areas, obviously. What does this mean for real life people in the flesh, in terms of job security and economic anxiety? Do people who have jobs feel more anxious about keeping them, and are thus more likely to put in overtime without pay, more unlikely to stand up to the boss and make compensation demands (ones which might be guaranteed in the contract)?

2) If large corporations are seen to be going bust through either incompetence or greed, does that have any effect on the average person paying off credit card or student loan debts- does their frame of mind change? Do they have a new moral evaluation of their own debt situation, thinking, "well if these guys can be millions of dollars in the red and still get a bailout, what obligation to I really have to worry about my credit card or student loan debt?"

3) Retirees who have seen their pension savings dwindle away- do they have increasing resentment and despair?

4) Finally the big macro level questions (which inevitably involve questions of political economy)- does the current crisis represent a failure of finance capitalism? An indication
of crony capitalism run amok? A failure of M.B.A. programs to instill a sense of obligation not only to stakeholders, but the entire global community?

The Crisis (2007-2010)

Housing is the basis of the American economy- when people buy houses it creates a lot of jobs and stimulates a lot of industries; the health of the housing market is one of the best measures of the health of the overall economy. After 2001, house prices kept going up in America, so buying a house seemed like a good investment. Many people bought houses and many banks gave mortgages to people even if they had poor credit. Since house values kept going up, this was not a problem. However, the problem started around 2006 when house prices started dropping; a lot of people started defaulting on their loans and even lost their houses. Suddenly the banks had a lot of debt or houses which were losing value. The system really began to meltdown with the collapse of the housing market from 2007.

Financial institutions (investment banks and insurers) made too many risky investments often with a very poor capital to debt ratio. Furthermore, most of their empirical conclusions come from accounting-based numbers that were completely unreliable. (Greider 2003:119) Much mortgage debt had been packaged and bought up by bigger banks. These investment banks found themselves with a lot of bad loans, not only housing; the financial world had been making a lot of risky investments over the years using a variety of new and complicated investment packages. When the housing bubble collapsed, a lot of people couldn’t pay back loans, starting a chain reaction of loses throughout the banking and financial sector. The major causes of the crisis can be summarized as follows:

- A trade imbalance between America and the developing world with foreign investors pouring that money back into the U.S., first in the bond market and then in housing.
- Americans looking to increase their assets bought more houses.
- Banks made house loans into securities for buying and selling (investing).
- House prices went up more.
- Lenders gave mortgages too easily, to people who didn’t have enough income to pay.
- Other new kinds of complicated investments were designed to package mortgage debt.
- Economists and bankers thought risk was eliminated from the markets.
- Over supply and overvaluation of housing led to a drop in prices.
- Everything tied to housing dropped.
- Banks crashed, credit dried up, companies lost money, workers were fired, governments went into the red, many people lost their homes.

All this sounds rather convoluted, because it is. However, we can begin with the basic macroeconomic situation as a way to begin to understand this problem.

The ultimate cause of the current crisis was the global macroeconomic imbalances that accumulated over the course of a decade or more. The U.S., along with several other
countries, ran major current account deficits and built up large external debts. This led, as is typical in the case of capital inflows, to an acceleration of economic activity, in particular, it led to a boom in financial and housing markets. *External debt financing created consumption-led expansions, then booms, then bubbles; these eventually burst.* (Jeffrey Frieden in his article, "Global trade in the aftermath of the global crisis," in The Great Trade Collapse: Causes, Consequences and Prospects. A VoxEU.org Publication, Ed. Richard Baldwin London: Centre for Economic Policy Research, 2009).

Much American manufacturing had moved to other countries, especially China. American consumers felt confident in the economy and were big spenders—spending much of their income on products made abroad. This resulted in a negative balance of payments. This was happening over a ten year period—American dollars flowing out of consumers' pockets to China and other developing countries. The price of oil also rose dramatically as well, resulting in more dollars flowing to Saudi Arabia. But what do these foreign countries do with U.S. dollars? They reinvest in America! In this case they bought U.S. treasury bonds, which are safer than stocks or companies. China kept its currency low, and took in lots of dollars and then used these dollars to buy U.S. assets like bonds, "...there was a lot of money sloshing around the developing world just looking for a safe home." (Gross 2009:19) A lot of this excess capital was finding its way to the United States.

Foreigners' purchases of U.S. Treasury Bonds and securities rose. "At the end of the first quarter of 2004...foreigners owned about 40 percent of outstanding Treasury securities, up from 30 percent in 2000." (Gross 19) Then, as bond yields fell, foreign investors began looking for new forms of investment and they turned to securitized mortgages. These were U.S. mortgage debts which were packaged into securities for buying and selling. In other words, investors began buying and selling debt. This seemed to be very lucrative in the beginning because the housing market seemed to be a safe bet; housing prices rose year by year.

Housing was considered a risk-free investment by Americans, and by foreigners who bought these new kinds of investment instruments. Even though American's incomes had been stagnating for some time, housing was seen as a safe investment, and taking out a second mortgage (refinancing) was seen as a way to get easy cash. Also, also this new housing activity stimulated lots of related industries (real estate, construction) . The American economy was heavily dependent on the housing boom. In 2004, U.S. real estate was worth $18.6 trillion dollars, more than to total value of the stock market. (Gross 39) By 2006, home ownership rates had reached an incredible 69.2 percent, and lenders began to really push these new subprime loans.(37) Housing prices were going up so fast in some areas that people began flipping houses-meaning, buying a house just to sell it 6 month later at a big profit. People got caught with a housing fever—and housing prices skyrocketed well above their real value.

Investment banks like Goldman Sachs, Merrill Lynch, Lehman Brothers, Bear Sterns, and Morgan Stanley began buying lots of these new mortgage-backed securities. They even began spending much more money than they had in reserve because they saw the possibility to make
huge profits. The housing boom was like a big party with banks lending money to people who couldn’t really afford a house and developers building too many homes for not enough buyers. The law of supply and demand said that the housing boom had to end, and it did, bringing everyone down with it. Since the investment banks and the stock market were deeply involved with the housing market, so that when the housing market dropped, so did everything else. The first big drop was the collapse in June 2007 of two hedge funds owned by Bear Stearns that had invested heavily in the subprime market. That year, many banks discovered that they had lots of investments which they thought were safe, but actually were toxic mortgage-backed securities. The rising number of foreclosures helped speed up the fall of housing prices, and defaults on mortgages increased. Other defaults followed (for example on credit cards), and then bankruptcies. As more and more people lost their jobs, the economy was in danger of slowing down. If credit became totally frozen, and people stopped spending money, it could lead to a depression.

The government stepped in with aggressive action 1) to support the banks, and 2) to support people at the bottom of society who lost their jobs. This massive stimulus effort helped saved the economy from a depression, though it could not completely pull itself out of recession. At the time of this writing, business activity and lending has increased enough to say that most global economies are moving out of recession. However, we must keep in mind how severe this shock to this system was. In the two year period of this recession, both housing prices and stock market shares dropped by about 29%. Household wealth has shrunk by 18% since 2007. Banks are even now much more reluctant to lend money. Consumer debt, which used to be 80% of income about 20 years ago, has risen to 120% in 2007. (Gross 20) Unemployment remains unacceptably high and is predicted to remain that way for years to come.

The following economic and social trends are expected:
1. Consumer spending will drop; people will begin saving more and spending less.
2. Unemployment will remain high for at least 3 or more years.
3. More economical cars and other energy saving devices will become more popular. (green technology)
4. Geographical changes-before, cheap oil and easy credit encouraged many people to move to distant suburbs. This trend will stop; city centers like New York will become more important as centers with specialized skills and technology for the modern world. Outlying regions will see stagnation in growth.
5. Construction will remain weak, but exports will grow, especially for “high-end” items like medical technology, pharmaceuticals, software and architecture.

The Failure of Mainstream Economists

The question that many are asking now—or should be asking—is how is it that most of the PhD’s in economics failed to predict the worst economic crisis since the Great Depression? The answer is quite simply that the profession of economics has become so over specialized and so
beholden to mathematical modeling that it has been unable to see the forest for the trees. (Krugman 2009) It has been unable to take into account social phenomenon like bubbles and the panic mentality which go into economic decision making, and more importantly, it has been unable to see how its own theories and paradigms may be reiterating the dominant ideologies of the culture in which they operate. The field of economics appears to have been largely co-opted by the very institutions it seeks to investigate. The field of behavioral economics has tackled these issues, but this field is well outside the field of mainstream economics. (Dietz 2010)

The solution, as suggested above, is an understanding and integration of the critical sociological perspective which appreciates non-quantifiable social phenomenon, which allows us the wider perspective to see social and economic trends which fall outside the narrow purview of modern economics. Finally, a critical sociology allows us to engage with moral and ethical questions by virtue of the fact that (1) it forces us to consider questions of how social institutions interact with economic forces, and (2) it allows requires us to reflect back on how our own theorizing may be the product of the social and cultural milieu in which it is embedded.

The current economic crisis can be understood in purely economic terms, but to do so would fail to capture the full moral and ethical scope of the collapse. First we must distill the crisis into its simplest and most essential economic reality: the situation now is that banks have no liquidity and are afraid to lend money. Capitalism is based on risk— the flow of capital into new (and risky) ventures, resulting in overall economic growth. When capital stops flowing, the system stops working.

This economic crisis is primarily due a lack of transparency, and this is not an economic problem but a political one. Not only is a democracy based on transparency, the business world, too, at least in theory, requires transparency to operate effectively. If we can’t know the true value of company, we can’t make economic decisions about whether to buy or sell stock (or any of host of economic decisions which depend on accurate knowledge of a company’s real value). If a financial institution is making extremely risky investments without the assets or liquidity to back it up, this is obviously something the investor ought to rightfully know. Not only do investors need to have this vital information, anyone who has any economic exchange activities at all with the institution needs to know this. It is evident now that the global economic crisis needs to be seen as involving a huge network of investment and commercial banks and insurance companies, auto companies and other financial and manufacturing institutions— and one flaw of this global economic system has been its lack of transparency.

The next obvious question arises, why was there so little transparency, how could such a mountain of debt accumulate? Paul Krugman and others have wondered in print why it is that an army of PhD economists from elite institutions failed to see it coming. (Lewis 1008:341) Significantly, it was mainly those outside the economic profession who saw it most clearly— sociologists, journalists, savvy investors, political activists and those (few?) economists whose purview goes beyond pure econometric analysis.
The Sociological Perspective

As a naturally reaction to the current economic crisis, there is a lot of finger pointing to find someone to blame for this freezing of the flow of capital which makes the system of global corporate capitalism work. Political conservatives will blame lower income people who took out mortgages which they couldn't really afford, and also labor unions whose demands have made automakers less competitive than their Asian counter-parts. Those of a more liberal persuasion will likely blame predatory and fraudulent lending practices and the Bush administration for allowing if not encouraging such practices, as well as the general climate of deregulation and lax oversight. This laissez-faire economic policy has allowed financial institutions to keep opaque important investment transactions, thereby permitting a mountain of hidden debt to leverage the whole global economic system. With regard to the bailout, it's interesting and instructive to see the way the left and right come together (though for different reasons). Fiscal conservatives are against the bailout because they believe that the market should be allowed to do its work; the bankruptcy of the automakers would be a good thing because the invisible hand of capitalism could then do its work. Leftists are against the bailout because it represents the privatization of wealth but the socialization of debt. The idea of giving multinational financial or manufacturing corporations huge sums of money which they can use as they see fit, with minimal oversight and conditions is particularly galling.

Sociological theory and reasoning offers us a way to avoid falling into the trap of the blame game or engaging in polemics, yet still allows us the ability to appreciate the moral, political and human dimensions of the problem in a way that mathematical models from economic theory cannot. To be sure, many economists are humanists and political creatures as well, with their own moral compass. Sociological reasoning provides a necessary approach to understanding the crisis in a holistic way. Sociological theorizing and social theory in general can help us achieve a more sophisticated moral position without having to engage in finger pointing, blame and recriminations.

Modern sociological theory began in reaction to the assumption of neo-classical economics which saw all economic actors as rational decision makers motivated by profit maximization. Sociology saw humans as largely driven by social (and psychological) forces beyond their control. Most early sociology was critical sociology in the sense that it took a critical stance against modern industrial capitalist society as being dehumanizing and exploitative. Durkheim's work on the division of labor, on suicide, and his theory of anomie all pointed the alienation which resulted from the radical transformation of society known as the industrial revolution. Max Weber's work on bureaucracy and the new rationality of corporate men strikes a critical stance. Karl Marx, while not specifically self-identified as a sociologist, is certainly a social theorist. Though he was wrong about such things as class conflict being the basis of capitalist production and also that 19th century represented the final stage of capitalist development, he may have been on target with his proposition that capitalist production alienates workers not only from what they produce but from other human beings. However, the main enduring aspect of Marx's theory is his understanding of (capitalist) exploitation. Though few critics start out from the assumption that capitalists are interested in exploitation, this is asserted to be a negative consequence of capitalism, a system in
which maximum profit is extracted from labor.

As modern capitalism entered its second phase in the 20th century with Fordist production, Taylorist management and labor unions as a counter-weight to capitalist hegemony, new social theories developed in response. In America, Thorsten Veblen's theory of the leisure class was a critical look at the rise of a new kind of petite bourgeoisie. Unfortunately, in the 20th century the division of labor between economics and sociology became pronounced, such that economics relegated to sociology the study of "social phenomenon," such as social class, conformity and deviance, ethnicity, and etc. Gradually sociology allowed economics and business schools to take over the investigations of the nature of economic institutions. A notable exception was the work of Daniel Bell (The Coming of Post-Industrial Society), but this work tended to restate to obvious anyway. In the "Post-Fordist" economic and business environment of 1970's, the field of economic sociology came into its own, but this field, especially in America, was micro-sociological and rooted in organization theory, neo-institutional economics, and tends (even today) to eschew critical macro sociological questions about the nature of corporate capitalism.

European sociology, however, has a long tradition of critical economic sociology—since the 1930's with critical social theory, the Frankfurt School took a different tack, and today post-modern social theory thrives in Europe continuing in the tradition of a critical assessment of quality of social life in corporate capitalistic societies.

Although it is not incumbent upon economists to became well-versed in post-modern social theory (which most economists will likely find frustratingly ungrounded in empirical data), economists would benefit from understanding the sociological perspective. The following examples demonstrate how a sociological perspective can give more humanistic depth to the cold calculi of economic reasoning.

1) Student Loans:

In America, higher education is funded by a system of student loans, both private and public. America has a unique system in that most university students become indebted for the rest of their lives. This has even been called a kind of indentured servitude. Furthermore, it has the (sociological) effect of channeling students into majors and subsequent career paths which will allow them to pay back the massive loans (default of which has very serious consequences). This is fairly unique to America.

What will be the effect on society where most college graduates eschew humanities or the fine arts and other subjects which don't promise much return in terms of hard cash? Some non-economists have been writing about this problem, but economists also need to think about such issues and integrate them into their analyses. The economic crisis of 2007-2010 has exacerbated this problem greatly. Because a four year college has become such a huge financial investment, and the prospects for new job finders is so dim, it seems like a kind of financial suicide to major in non-practical fields such as the humanities. What kind of society will result when we no longer have students well versed in the arts as well as the sciences? (Fish 2010)
2) The effect of high unemployment and high underemployment:

One thing which economists are likely to miss is the degree of socio-economic and psychological insecurity which results from a high unemployment rate. It's evident here in Japan, and might be in America too: when the unemployment rate rises sharply, workers are less likely to complain about working conditions, more likely to work overtime without pay, more likely to take on excessive workloads. When unemployment rates are high (above about 6%), even people with decent jobs live lives more in fear of losing their job, because of the increased risk that it will either be outsourced, given to a part-time worker, or to a younger worker who can be paid less and can produce more).

3) Although it was the collapse of the housing bubble that precipitated the worst economic crisis since the Great Depression, it alone cannot be said to be the main cause. If the economy as a whole were built on a strong foundation, if the "fundamentals were strong," as economists say, then there would be a quick recovery. However the fundamentals were not strong, but rather the U.S. economic system, and much of the global system, was built on a weak foundation which included the following:

For example, in the U.S., real wages are lower today than they were 5 years ago. Furthermore, 75% of Americans are in nonsupervisory jobs, meaning they are not very well paid. Although productivity has increased (3% in the past 3 years), wages have not. Part of the reason why wages have not risen is the nature of globalization. The U.S. no longer exports many finished products as they did during the 20th century. Transnational corporations with production, management and marketing are spread out in countries around the globe. As labor has moved off-shore to developing countries where wages are low. American wages have become depressed or stagnant. So Americans have less money, though the cost of living continues to rise.

Other dangerous trends have also been undermining the nation's economic health:

1. Healthcare costs have been rising rapidly, cutting into business profit margins.
2. Energy costs have been rising rapidly cutting into Business profits.
3. Global capital flows have grown enormously, and financial institutions have become highly leveraged.

Sociology as Social Critique

Whether one subscribes to Marxist/critical sociology, or mainstream (positivistic) sociology, the sociological perspective offers a valuable critical interpretation of the economic crisis. Sociology (and related critical perspectives) , most notably from political economy and postmodern social theory, can help the economics profession avoid the danger of a theoretical one-sidedness and corresponding blindness which orthodox or mainstream social scientists are sometimes susceptible to. It is precisely this perceptual blindness in which has allowed theory to become short-sighted, narrow minded, such that the biggest economic disaster in modern times has been missed by the best and the brightest.
Modern sociology was born in the 19th century, and it was both critical and economic in its stance. Sociology at that time was reacting to neo-classical economics which understands human behavior exclusively in terms of the attempt by people always to maximize profits. Instead of this one-dimensional view of economic decision making, the three foundational thinkers of sociology—Durkheim, Marx and Weber—all made the point that economic activity is always embedded in social systems of one kind or another. [That’s not the language they used, but that’s a core element of their theorizing]. Their social theories are all a direct response to the total transformation of European and American society which we call the industrial revolution, and this makes their works essential for the sub-discipline of economic sociology. For Durkheim, modern industrial society resulted in the division of labor which also resulted in a corresponding loss of social identity-anomie as he called it, which sometimes led to suicide. For Marx, industrial capitalism, while being a positive evolutionary stage after feudalism, had, as its essential feature, alienation of the worker, not only from the products of his labor, but also from other members of society. For Weber, modern industrial society was characterized by a new type of rationality- a bureaucratic rationality which pervaded all aspects of social as well as economic decision making. Georg Simmel moved in new directions with his critique of money based culture, an approach which prefigured future post-modern social theories.

So we see that the beginnings of sociology were both critical and economic. As we enter the next phases of western industrial capitalism with Fordist mass production and Taylorist notions of efficiency, sociology continues on its critical trajectory with such figures as Thorsten Veblen, who critiqued not only the new American ”leisure class,” but also the new managerial elite which was coming to dominate economic decision making. Some economists, too, began to be both critical and sociological in their theorizing, most notably Joseph Schumpeter, with his vision capitalism evolving into more humane (and socialistic!) forms.

Other social theorists/sociologists in Europe were embarking on even more radical critiques of capitalist society; the Frankfurt School was explicitly critical in a Marxist vein. The tradition of critical theory/Frankfurt School, had only limited influence in American social science; such theories were less popular, owing partly to the fact that, with the Great Depression, organized labor and the Keynesian state became wedded together in a way which obviated revolutionary politics such as Marxism. Frankfurt School/critical theory was part of the general intellectual movement of modernism; postmodern social theory while moving away from the political dogmatism of that age, has taken the baton from them in striving to develop a comprehensive theory which is radically critical of modern social-economic life.

Post-war sociology was alienated from economics, to its own detriment. The economic profession was to blame to some degree because it insisted that the economic facts of life should be left to economics to analyze; sociologists should stick to such things as social class, ethnicity, conformity and deviance, role theory, etc. However, a few American sociologists were brave enough to critique the rush towards social conformity and consumerism of the 1950’s. The Colombia University sociologist C. Wright Mills was highly critical of what he saw as the “mass society” (White Collar, 1951, The Power Elite, 1956). Daniel Bell at Harvard wrote a book which became influential outside of sociological circles called, The Coming of Post-Industrial Age (1973):
now these ideas seem dated and even unoriginal, but at the time his work showed many people how the information age represented a new type of social and economic organization, where a new knowledge elite was in the ascendency.

Then, with the economic crisis of the late 1970's (the beginnings of the so-called "post-Fordist" era), a new economic sociology developed but one which was very different from the earlier macrosociological critical tradition. This was a micro-sociological approach which was influenced by such ideas as organizational theory and also Ronald Coase in neo-institutional economics (transaction cost theory, network theory). In the process, sociology lost its critical edge, but rather, it has been said, took on the utilitarian orientation of much economic thinking and American social science in general. Today much economic sociology continues to be utilitarian, empirical-quantitative, micro sociological, more or less admiring of the economic institutions they study rather than critical.

Across the Atlantic, however, social critique of capitalist society was (and is) alive and well, especially in France (M. Foucault, P. Bourdieu, Boudrillard). Certainly mainstream economists find these theories anathema, based as they are on cultural critique (the commodification of culture through mass media)- American social science today, with some notable exceptions, tends to reject these theorists, for much the same reason that economists do. They would retort that the economists and other social "scientists" reject such theories at their own peril, that such social scientists have indeed become co-opted by the same utilitarian imperative which captivates America social and economic life. These theories are grounded in philosophy- particularly epistemology, which is radical in that it is a critique of knowledge itself. These theories reject the scientific paradigm and empiricism as an adequate way of knowing.

**Conclusion**

The economist Joseph Stiglitz, quoted at the top of this paper, is one of a handful of economists who deeply appreciate and integrate the sociological view, especially in his analysis of socio-economic effects of this recent crisis. The thrust of his socio-economic critique (2010) is summarized as follows:

* We have allowed markets to blindly shape our economy.
* We have created a society in which materialism overwhelms human moral concerns.
* We have achieved rapid growth which is not sustainable either environmentally or socially.
* The relationship between pay and performance has broken down; with bonuses, reward has been decoupled from risk.
* Deceptive accounting practices have become the norm in finance.
* Money/wealth has been extracted from the bottom of the social pyramid in order to enrich those at the top.
* Securitization of debt has weakened personal relationships

If there ever was a need for a critical sociology which goes beyond finger pointing and the blame game yet retains a sharp enough critical edge as to get to the root of the problem, it is now.
What is needed now is a critical economic sociology which is holistic and multidimensional in its analysis (i.e., humanistic). It must have the macro level purview of traditional sociology yet still retains the empirical (as opposed to empiricist) lens of micro sociology and micro economics. It needs to study networks and micro level economic decision making but always relate them to larger macro sociological and macroeconomic concerns.

What the future socio-economic effects of the current crisis will be involves predictions which are not the province of sociology- however we social scientists/theorists had better be open-minded and interdisciplinary enough to be able to pick up on the profound changes in store for social and economic institutions. Sociology needs to be more attuned to economic facts and processes, and economists need to include in their vision as social scientists wary that their own paradigms are not simply a reiteration of the dominant ideologies of the culture (s) in which they work and live.

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Abstract

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A natural reaction to the most recent economic crisis is a blame game: conservatives blame labor unions and lower income people for taking out house loans they couldn’t afford, and liberals blame the Bush administration for deregulation and lax oversight, and Wall St. investors for unethical if not fraudulent investment schemes. Part of the blame should go to economists who have failed on two levels: 1) they largely failed to predict the biggest economic crisis since the Great Depression, and 2) they continue to fail to understand the full depth and breadth of the crisis in human terms. Though they can be forgiven the second, they cannot be forgiven the first, since the prediction of economic trends is their raison d’être. Sociology, it is argued here, continues to provide the necessary intellectual framework for understanding economic crises because it allows for a holism which is interdisciplinary, integrative and comprehensive. Sociological theory and reasoning offers us a way to avoid falling into the trap of the blame game or engaging in polemics, and the trap of over empiricist models of mainstream economics, yet still allows us the ability to appreciate the moral, political and human dimensions of the crisis.