

Social Capital, Double Embeddedness, and Mechanisms of Stability and Change

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The authors coin the term *double embeddedness* to denote the two-sided nature of communities, markets, and organizations—where social, political, and economic actions are embedded in social structure and culture. Structural embeddedness and cultural embeddedness and their interactions are variable, dynamic, and complex. The authors develop a typology based on these two forms of embeddedness, illustrating four ideal-types with examples from the United States and Europe. Two paths of stability and change in the United States are analyzed. The first is the observed decline of social capital coupled with the observed stability of shared values. The second is the hypothesized geographical polarization of values and networks, such as red versus blue states. Applying Coleman's macro-micro-macro model, it is shown that these two paths are the first and second cycles of a two-cycle model of social change. Also analyzed are some of the social mechanisms (situational, action formation, and transformational) that underlie this two-cycle model.

Keywords: *social capital; embeddedness; values; mechanisms; micro-macro link*

Social capital is a growth industry. This concept appears with increasing frequency in sociology, political science, organizational theory, and economics, as well as the worlds of policy and practice. With its ever-expanding uses, meanings, and applications, social capital has been criticized as a “wonderfully elastic term” (Lappe & Du Bois, 1997, p. 119) with a “circus-tent quality” (De Souza Briggs, 1997, p. 111). Rather than stretching the term even more by attempting to slip another concept under

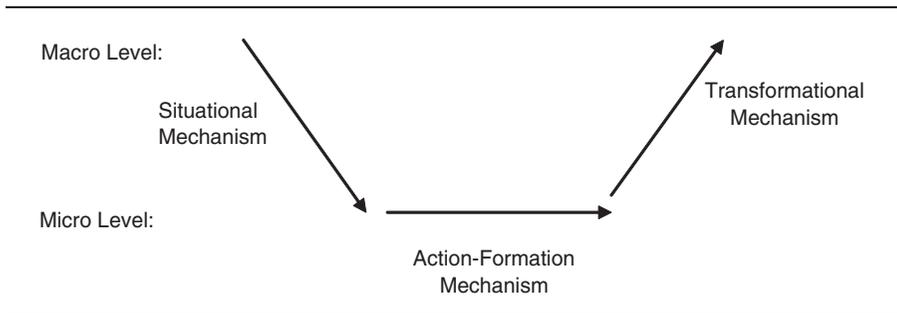
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the tent, we retain the predominant “lean” view of social capital as forms and uses of networks (e.g., Burt, 1992; Coleman, 1988; Putnam, 2000). Following Etzioni’s (2001) criticism of Putnam’s “Bowling Alone,” however, we emphasize that community is more than a social network; it is also a “commitment to a set of shared values, norms, and meanings” (Etzioni, 2001, p. 223). In a similar vein, Alexander (2006) argues that feelings for others are the basis of solidarity in the civil sphere. Markets and organizations, too, are more than networks—these, like communities, are also embedded in values, norms, and meanings. For example, “the market is embedded in a moral system, just as it is embedded in networks of social relations” (Baker & Forbes, 2006, p. 23; see also Block’s comments in Krippner et al., 2004, p. 118).

We coin the term *double embeddedness* to denote the two-sided nature of communities, markets, and organizations—where economic, political, and social actions are embedded in social structure and culture.¹ Both networks and culture are bases of action, sometimes working together, impelling people in the same direction, but sometimes in conflict, producing contrary guides to action. Consider, for example, changes in the social structural and cultural bases of voting. Traditionally, Americans who were members of the same group—based on class, race, religion, or gender—tended to have similar political beliefs and tended to vote the same way. For example, Catholics and Jews have supported Democrats, whereas mainline Protestants have tended to support Republicans (Manza & Brooks, 1997). Today, there is evidence that people who have the *same values* tend to have similar political beliefs and tend to vote the same way, even when they are members of different groups. For example, religious orthodoxy cuts across the traditional divisions of Catholics, Protestants, and Jews. “Doctrinal conservatives” from all these religious groups tend to support Republicans, and “doctrinal liberals” from all these groups tend to support Democrats (Layman, 1997). In sum, the social structural bases of voting appear to be declining in importance as the cultural bases are increasing.²

We are not the first to propose multiple forms of embeddedness. For example, Zukin and DiMaggio (1990) suggest four types: cognitive, cultural, structural, and political. These suggestions, however, have not been taken up by economic sociologists (B. Uzzi, personal communication, September 30, 2006). Embeddedness has come to mean *structural* embeddedness (e.g., Uzzi, 1996, 1997, 1999), which, some critics say, has become a narrow focus on social networks (Krippner et al., 2004). In response, critics have developed one-sided alternatives, such as Fligstein’s (1996) concept of markets as politics. This oppositional pattern is characteristic of scholarship and intellectual life (Collins, 1998). We attempt to move beyond this oppositional pattern, considering the interrelationships of structural embeddedness and cultural embeddedness—what we label *double embeddedness*. Of course, it is also possible to examine other types of embeddedness, such as cognitive and political. This examination, however, is beyond the scope of a single article, and the enterprise of producing a “synthesis of opposites” may be better served by focusing

Figure 1
Illustration of Macro–Micro–Macro Model



Source: Figure 1.1 in Hedstrom and Swedberg (1998, p. 22).

efforts on two key forms—structure and culture. These two, as we describe below, are present in the seminal works on embeddedness and social capital.

The key to understanding double embeddedness, we argue, is a focus on the *social mechanisms* underlying it. Following Hedstrom and Swedberg's (1998) adaptation and specification of Coleman's (1986, 1990) macro–micro–macro theory of action, we examine three types of mechanisms: situational, action formation, and transformational. We define each mechanism below and illustrate it with the examples of Merton's self-fulfilling prophecy (how, when people act on an initially false definition of a situation, their behaviors make the situation come true) and Weber's *The Protestant Ethic and Spirit of Capitalism* (how the rise of ascetic Protestantism contributed to the development of capitalism). The relationships of the three mechanisms are illustrated in Figure 1.

A situational mechanism links macro conditions with individual (micro) behavior: "The individual actor is exposed to a specific social situation, and this situation will affect him or her in a particular way" (Hedstrom & Swedberg, 1998, p. 23). A situational mechanism is psychological or social–psychological, explaining how macro states influence an individual's values, attitudes, or beliefs. This macro–micro link is depicted in Figure 1 as the left-hand downward pointing arrow. Consider, for example, Merton's (1968) classic analysis of the self-fulfilling prophecy and the specific case of a run on a bank (see also Hedstrom & Swedberg, 1998). Suppose a depositor reads in the newspaper about bank insolvencies during an economic recession (macro conditions). Suppose also that the article is not factually accurate but a journalistic exaggeration meant to sell newspapers by printing alarmist articles. The depositor's own bank is financially sound. Nonetheless, the depositor begins to fear that the bank could become insolvent. In other words, the depositor forms a belief in response to an interpretation of the macro conditions (presence of an economic recession, alarmist article about the possibility of bank insolvency).

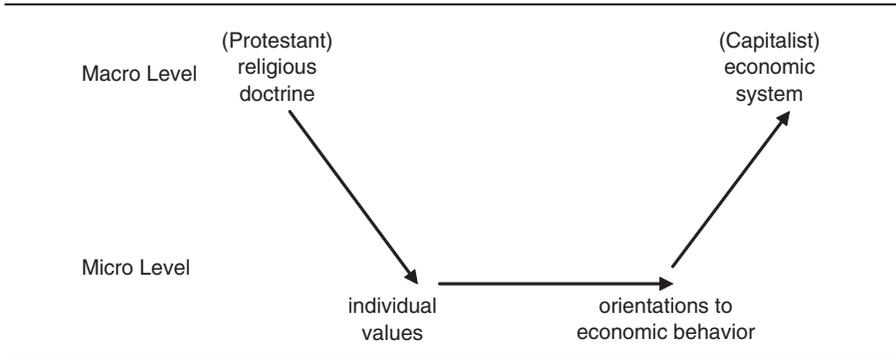
Next, an action-formation mechanism explains “how a specific combination of individual desires, beliefs, and action opportunities generate a specific action” (Hedstrom & Swedberg, 1998, p. 23). This is the micro–micro transition depicted in Figure 1 as the horizontal arrow. In the case of the fearful depositor, worries about a bank’s potential insolvency generates an action—withdrawal of funds. Some other depositors may do the same, fueling and spreading a rumor about the bank’s insolvency. These withdrawals

will strengthen belief in the rumor, partly because the withdrawals actually may hurt the financial standing of the bank, but more importantly because the act of withdrawal itself signals to others that something indeed might be wrong with the bank. This produces even more withdrawals, which further reduces the trust in the bank, and so on. (Hedstrom & Swedberg, 1998, p. 18)

Thus, the process of change is completed when a transformational mechanism links micro behavior with macro outcomes. This micro–macro link is depicted as the right-hand upward pointing arrow in Figure 1. A transformational mechanism explains how the interactions of individuals “are transformed into some kind of collective outcome, be it intended or unintended” (Hedstrom & Swedberg, 1998, p. 23). For example, the run on the bank (withdrawals by increasing numbers of worried depositors) ruins the bank, making the (initially false) prophecy come true. Similar incidents on a widening scale can turn bank runs into banking panics, contributing to a full-fledged economic depression. Indeed, statistical analysis of detailed chronological data about bank distress, illiquidity, insolvency, and temporary and terminal suspensions from 1929 to 1933 shows that “contagion via correspondent networks and bank runs propagated the initial banking panics” (Richardson, 2006, p. 1). (A correspondent bank, typically a large bank in a city, is one that accepts deposits and performs related services for a respondent bank, such as a small bank in a rural area.)³

Coleman (1986, 1990) uses Weber’s arguments in *The Protestant Ethic and Spirit of Capitalism* to illustrate his macro–micro–macro model. His graphical display of Weber’s arguments is reproduced in Figure 2 (for a refinement of Coleman’s figure, see Swedberg, 1998). The situational mechanism links macro conditions (the spread of ascetic Protestant religious doctrine) with individual-level values (the adoption of ascetic Protestant religious values, such as the definition work as a calling, equality of treatment, and the duty to be active in the world rather than retreat from it). An action-formation mechanism links these individual-level religious values with a new economic orientation and new behaviors. These include hard work, the pursuit of profit (which replaced the older antipathy to profit making), treating all people fairly (which replaced the older “dual economic ethic” that permitted or even encouraged the exploitation of strangers and outsiders), a sober and methodical lifestyle, and saving money (and investing it) rather than using it for pleasure, luxuries, or leisure (Swedberg, 1998).

Figure 2
Coleman's Illustration of Mechanisms in Weber's
The Protestant Ethic and the Spirit of Capitalism



Source: Slightly revised Figure 2 in Coleman (1986, p. 1322).

Coleman (1986, p. 1323) argues that Weber failed to explain the micro–macro transition, that is, the transformational mechanism that shows how individual orientations to economic behavior “combined to produce the structure of economic organization that we call capitalism.” In general, the micro–macro transition is the most elusive mechanism in sociological theory and research (Coleman, 1986). Swedberg (1998) argues that Coleman’s assessment is too harsh. For example, according to Swedberg (1998, p. 131), Weber’s analysis of the “sect” provides a transformational mechanism in which the “social structure of the sect” caused the new capitalist spirit to “harden into a collective mentality.”

The mechanisms style of theorizing outlined above enables us to analyze the dynamics of structural embeddedness and cultural embeddedness and to show how the two are related. Our goal is theorizing about double embeddedness, not an exhaustive analysis of all the social mechanisms involved in paths of change and stability. By focusing on illustrative mechanisms, we hope to demonstrate the value of the concept of double embeddedness and to simulate further work on the dynamics of structural embeddedness and cultural embeddedness.

Double Embeddedness

For many political scientists, the work of Alexis de Tocqueville is the touchstone of the network definition of social capital, indicated by his famous comment about the unique American propensity to form voluntary associations:

Americans of all ages, all stations in life, and all types of dispositions, are forever forming associations. These are not only commercial and industrial associations in which all take part, but others of a thousand different types. . . . Nothing, in my view, deserves more attention than the intellectual and moral associations in America. (Tocqueville, 1988, pp. 513, 517)

These are some of the forms of social capital that Putnam (2000) says are declining over time. However, empirical analyses show that Americans are not, in fact, the biggest joiners; though America is above average, other nations exhibit higher rates of participation in voluntary associations (Curtis, Baer, & Grabb, 2001). Moreover, there has not been a decline over time in participation in voluntary associations in America (Paxton, 1999). Nonetheless, it is difficult to disagree with the argument that strong social networks support democracy and economic development.

Less famous than Tocqueville's statement about voluntary associations—but equally important—is his discussion of “mores” (Swedberg, 2009). Mores, he argued, are

one of the great general causes responsible for the maintenance of a democratic republic in the United States. . . . [This applies] not only to “*moeurs*” in the strict sense, which might be called habits of the heart, but also to the different notions possessed by men, the various opinions current among them, and the sum of ideas that shape mental habits. (Tocqueville, 1988, p. 287)

In short, he said, one must consider the “whole moral and intellectual state of a people” (Tocqueville, 1988, p. 287). Tocqueville recognized that the strength of democracy depends on more than social networks. It also depends on culture—shared values, norms, and meanings.

For many economic sociologists, the work of Karl Polanyi is the touchstone of the embeddedness concept. An excellent illustration is the published transcript from a conference on Polanyi and his work, “Polanyi Symposium: A Conversation on Embeddedness” (Krippner et al., 2004). The concept of double embeddedness is clearly present in Polanyi's work, such as in “The Economy as Instituted Process” (Polanyi, 1957):

The human economy, then, is embedded and enmeshed in institutions, economic and noneconomic. The inclusion of the noneconomic is vital. For religion and government may be as important for the structure and functioning of the economy as monetary institutions or the availability of tools and machines themselves that lighten the toil of labor. (p. 250)

The idea of the embedded market economy also is a theme in Polanyi's *The Great Transformation* (e.g., Block in Krippner et al., 2004, p. 117). As Block (2003,

p. 297) summarizes in his analysis of *The Great Transformation*, “the economy has to be embedded in law, politics, and morality.”

Granovetter says (Krippner et al., 2004, p. 114) that he did not have Polanyi’s concept of embeddedness in mind when he wrote his seminal article (Granovetter, 1985) and developed a somewhat different notion of embeddedness. Nonetheless, Granovetter never meant that the analysis of networks was the main or only goal of economic sociology. Granovetter is clear in both his original article (Granovetter, 1985, pp. 506-507) and subsequent commentary (Krippner et al., 2004, pp. 114-117) that one must also consider the embeddedness of economic action (as well as political and social action) in the larger cultural and institutional environment. Given what he considers the misuses and abuses of his original concept of structural embeddedness, Granovetter recommends abandoning it altogether (Krippner et al., 2004, p. 113). We agree with Block, however, that

the proper response is to not bury the embeddedness concept but to try to strengthen it and try to improve it, and if what was a problem here was essentially a too “thin” concept of “embeddedness,” then we need a “thicker” concept of embeddedness. (as cited in Krippner et al., 2004, p. 117)

Block suggests thickening the concept by considering the embeddedness of markets in, for example, political institutions and a moral order. Our concept of double embeddedness is in the spirit of his suggestions.

We assume that structural embeddedness and cultural embeddedness are variable and dynamic. Action can be more or less embedded in social structure and in culture, and the extent of embeddedness can change over time. The relations between these two types of embeddedness are also variable and dynamic. One type may change, for example, while the other remains stable. We begin our theorizing by specifying four macro states of double embeddedness. These four should be considered ideal-types, because double embeddedness may vary along continua. Each macro state can be an initial situation or a collective outcome in the macro–micro–macro model. Consider the two-cycle model in Figure 3, which is an extension of the one-cycle model in Coleman (1986, 1990) and Hedstrom and Swedberg (1998). The collective outcome of the first cycle (Point D in Figure 3) is the initial situation of the second cycle.

Four Macro States of Double Embeddedness

Structural embeddedness and cultural embeddedness, as noted above, vary along continua. For tractability, we dichotomize each dimension, identifying four ideal-types of double embeddedness. This typology is illustrated in Figure 4, which arrays two forms of networks (integrated or fragmented) by two forms of values (shared or divergent).

Figure 3
Illustration of the Two-Cycle Model

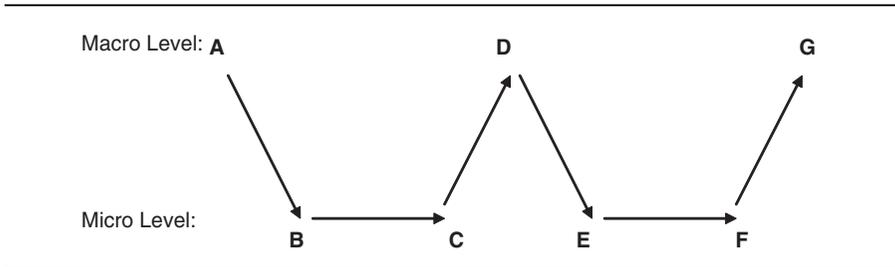
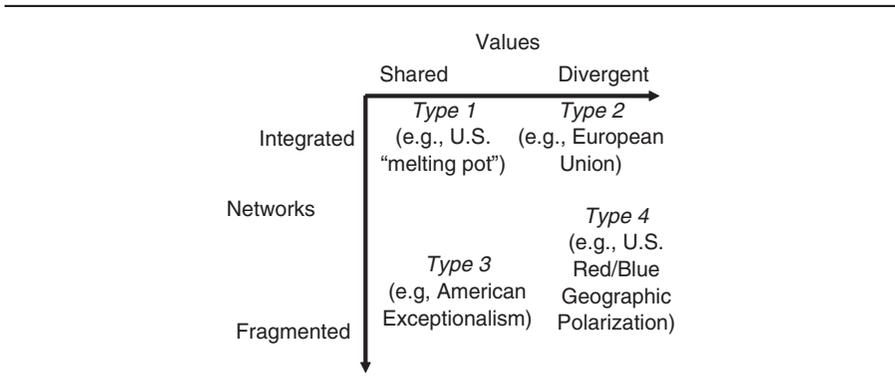


Figure 4
Four Macro States of Double Embeddedness



Type 1: Integrated Networks and Shared Values

Type 1 is a society united by social networks and by common values. The image of America as a “melting pot” in which difference is dissolved into the social and cultural whole is an ideal example. Strong assimilationism is “the traditional American response to difference” (Hartmann & Gerteis, 2005, p. 218). New immigrants are converted to American values and integrated in social networks in a “rigid and uncompromising way” (Taylor, 2001, p. 185). For example, Chicago School scholars assumed that immigrants would lose their distinctive cultures, group identities, and ethnic networks, eventually blending into the fabric of mainstream society (Park, 1950; Park & Miller, 1921). The melting pot is the vision of an “ideal society” that animates concerns about the loss of social capital—that is, the disintegration of the social network (e.g., Putnam, 2000)—or a crisis of values in America (see review in Baker, 2005).

Type 2: Integrated Networks and Divergent Values

Type 2 is a multicultural society united by social networks. Hartmann and Gerteis's (2005, pp. 231-232) concept of "interactive pluralism" is similar to Type 2: Distinct groups with different values exist in society, but they "cultivate common understanding across these differences through their mutual recognition and ongoing interaction." The European Union today is an example of Type 2. It is a set of sovereign states with distinctive national identities and cultures. Integration does not occur through "the substrate of a supposed 'European people' but by the communicative network of a European-wide political public sphere" (Habermas, 1998, p. 153).

The Euro is a symbol of both European cultural differences and transnational economic and communicative integration. The obverse of the 2-Euro coin, for example, features cultural images of the issuing nation (such as the harp for Ireland, along with the nation's Irish name, *Éire*), whereas the reverse shows the denomination and an image of the EU countries (Figure 5). The reverse—also called the common side—is the same regardless of issuing nation. Contrast the Euro with U.S. currency. The obverse and reverse of the Kennedy half-dollar, for example, features only national cultural symbols; among these are the Bald Eagle, a shield (reminiscent of the national flag), the assimilationist motto *E Pluribus Unum* (From many, one), and, representing the role of religion in American national culture (Baker, 2005; Baker & Forbes, 2006), the phrase "In God We Trust" (Figure 5). Similarly, the U.S. Mint's new series of 1-dollar coins features only national symbols—likenesses of presidents (obverse) and the Statue of Liberty (reverse). These coins will be issued at regular intervals, starting in February 2007 with George Washington, and continue for a decade until all deceased presidents are included. The coins also feature the edge-incused inscriptions *E Pluribus Unum* and "In God We Trust."

Type 3: Fragmented Networks and Shared Values

Type 3 is a society with fragmented networks but united by common values. Fragmented is used here to include various forms, including social isolation or atomization (an individual has fewer ties) to subdivision into groups with little or no intergroup contact. Putting together the findings from Putnam (2000) and Baker (2005) indicates that America today is an example of Type 3. Putnam (2000) documents America's declining social capital—the disintegration of social networks. For example, compared with earlier times, Americans socialize less often and participate less often in community events and voluntary associations. Similarly, McPherson, Smith-Lovin, and Brashears (2006) document the sharp decline over the last two decades in Americans' core discussion networks. Discussion networks are smaller, and the number of people who do not discuss important matters with anyone has tripled so that now one in four Americans do not discuss important matters with anyone.

Figure 5
Illustrations of Obverse and Reverse Sides
of the 2-Euro Coin and of the Kennedy Half-Dollar



Obverse—National side (Ireland issue shown) Reverse—Common side



Obverse

Reverse

Community as a network of affect-laden ties may have declined over the past 20 years, but community as shared values, norms, and meanings has withstood change during the same period (Baker, 2005). For example, Americans had unusually strong traditional values 20 years ago, compared with almost all economically developed democracies, and these traditional values have remained stable for more than 20 years. Moreover, Americans have always tended to share these strong traditional values. Tocqueville called America “exceptional” in part because it was a nation of joiners. Today, America is exceptional in a different way—it is a nation of believers.

Type 4: Fragmented Networks and Divergent Values

Type 4 is a society divided by networks and by values. The image of red versus blue America is a prime example. According to this view, not only is America deeply

divided by values, as Culture War advocates have claimed (e.g., Hunter, 1991), but it is also geographically segregated by values (e.g., Brooks, 2004). Empirical analyses do not lend much support to the contention that America is geographically polarized by values (e.g., Evans & Nunn, 2006; Fiorina, 2005), but the image remains as a good theoretical representation of a nation divided by networks and by values. There are, of course, real cases of Type 4. For example, Asian and Black communities in the Lozells area of Birmingham, England, each had strong bonding social capital and tight cultures but lacked bridging social capital and intercultural understanding; consistent with intergroup contact theory and research (Pettigrew, 1998; Pettigrew & Tropp, 2006), the lack of interaction across groups ignited episodes of racial conflict (Easton, 2006).

Paths and Mechanisms of Stability and Change

Dynamics involve the change from one macro state to another macro state. There are 12 possible state changes, if we restrict our attention to the one-cycle model (Figure 1). Table 1 provides illustrative examples of each state change. We focus on two paths of change, corresponding to two major observed (or predicted) changes in the United States. The first involves the transition from integrated networks to fragmented networks—Putnam's (2000) celebrated thesis of disintegrating social capital. At the same time, Americans have maintained their traditional values and are not divided by values (Baker, 2005; Fiorina, 2005). Taken together, these two streams of empirical work—one on networks and the other on values—imply that one major path of change (and stability) in America has been a movement from Type 1 to Type 3 (Figure 4).

What would be the next cycle, taking Type 3 as its initial macro condition? Geographical polarization of values and networks, such as the well-publicized image of red versus blue states, suggests a possible next path: movement from Type 3 to Type 4. So far, scholars have not found strong evidence of a movement from Type 3 to Type 4 (e.g., Evans & Nunn, 2006; Fiorina, 2005). It is important to consider, however, for two reasons. First, this macro state is possible, and it may be that the lack of strong evidence is only because America is in the beginning of the transition and the strong evidence is yet to be produced and revealed. Second, considering this path of change enables us to theorize about a two-cycle model. The first path of change, Type 1 to 3, takes place through the macro–micro–macro transitions labeled as Points A, B, C, and D in Figure 3. The second path of change, Type 3 → 4, takes place through the macro–micro–macro transitions labeled as Points D, E, F, and G. Figure 6 reproduces the two-cycle model in Figure 3 and adds a summary of the arguments developed below—the mechanisms involved in the transition from Type 1 to Type 3, followed by the mechanisms involved in the transition from Type 3 to Type 4.

Table 1
Twelve Paths of Change

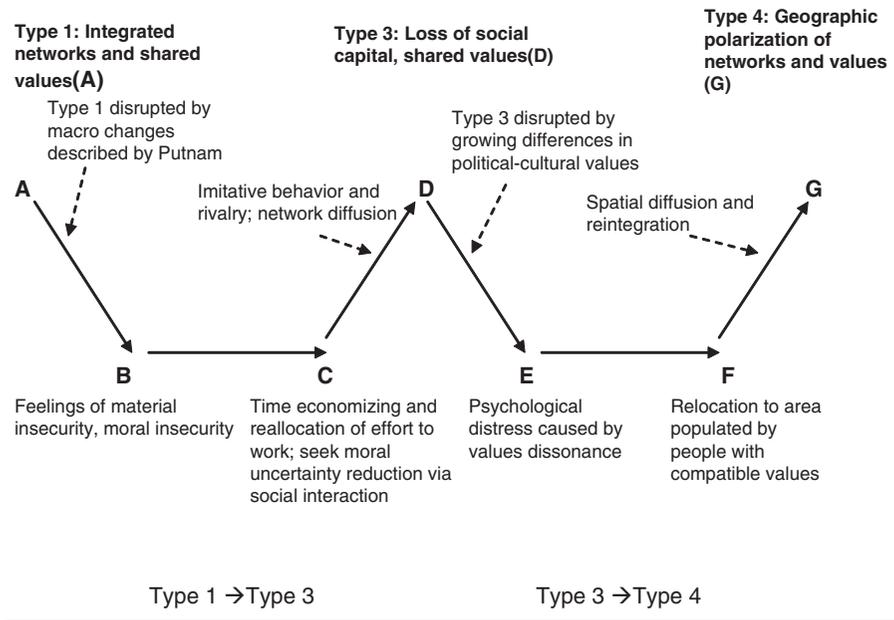
Path of Change From Macro to Macro ^a	Illustration/Theory	Sample References
1 → 2	United States: Polarization of values; Culture War thesis	<i>Culture Wars</i> (Hunter, 1991); <i>One Nation, Two Cultures</i> (Himmelfarb, 2001); <i>Who Are We?</i> (Huntington, 2004)
1 → 3	United States: Decline of social capital as networks + stable, shared values	<i>Bowling Alone</i> (Putnam, 2000); <i>America's Crisis of Values</i> (Baker, 2005); <i>Culture War?</i> (Fiorina, 2005)
1 → 4 ^b	United States: Geographical polarization of values; red/blue America	"A Polarized America" (Brooks, 2004); "Geographic Polarization in Politics and Social Attitudes" (Evans & Nunn, 2006)
2 → 1	United States: Assimilation of immigrants into mainstream networks and culture	Chicago School (Park, 1950; Park & Miller, 1921; Warner & Srole, 1945)
2 → 3	Germany: Rise of totalitarianism. Rise of mass society	<i>The Origins of Totalitarianism</i> (Arendt, 1973); <i>The Politics of Mass Society</i> (Kornhauser, 1959); <i>The Eclipse of Community</i> (Stein, 1960)
2 → 4	Roman Empire: Moral decline causes collapse	<i>The Decline and Fall of the Roman Empire</i> (Gibbon, 1776-1794)
3 → 1	United States: Replenishing social capital (rebuilding networks, increasing civic engagement)	<i>Bowling Alone</i> (Putnam, 2000)
3 → 2	United States: Interactive pluralism	Hartmann and Gerteis (2005)
3 → 4 ^c	United States: Geographical polarization of values; red/blue America	"A Polarized America" (Brooks, 2004); "Geographic Polarization in Politics and Social Attitudes" (Evans & Nunn, 2006)
4 → 1	United States: Restoration of society by rebuilding networks and moral education	<i>Bowling Alone</i> (Putnam, 2000); <i>The Book of Virtues</i> (Bennett, 1993)
4 → 2	European Union: Development of overarching "communicative network"	<i>The Inclusion of the Other</i> (Habermas, 1998)
4 → 3	United States: Reconstruction and reunion after Civil War	<i>Reunion and Reaction</i> (Woodward, 1966)

a. Numbers refer to ideal-types in Figure 4.

b. The path 1 → 4 could be the result of two cycles, 1 → 3 and then 3 → 4.

c. The path 3 → 4 could be the second cycle of a two-cycle model, with 1 → 3 as the first cycle.

Figure 6
Illustration of Mechanisms Involved in a Two-Cycle
Model: the Transition From Type 1 → Type 3
and the Transition From Type 3 → Type 4



Transition From Integrated Networks and Shared Values to Fragmented Networks and Shared Values (Type 1 → Type 3)

Putnam (2000) argues that a complex of factors caused America’s declining social capital—the erosion of social networks and civic engagement. These are, in Putnam’s order of importance, (1) intergenerational replacement (where a less civic minded younger generation replaces a more civic minded older generation); (2) the privatization of entertainment (electronic entertainment, especially television); (3) pressures of time, money, and careers; and (4) sprawl (suburbanization, commuting).

Consider some of the pressures and constraints that ensue from these macro conditions. For example, Factors 3 and 4 mean that people have less discretionary time; they spend more time working and commuting and have less time for social or civic activities. This is commonly called the “time squeeze”—and it shows up as the disparity between employee preferences for time spent at work and actual time spent at work. Clarkberg and Moen (2001) find that employees routinely work longer hours than they prefer (see also Schor, 1991). They attribute this to “all-or-nothing

assumptions about the nature and structure of work and the pressure to put in long hours to be seen as committed, productive, and having the potential for advancement” (Clarkberg & Moen, 2001, p. 1115). In addition, average commuting times have increased dramatically, especially in the last decade (Pisarski, 2006). There is even a new term to describe the upsurge in long commuting times—*extreme commuting*. These same macro conditions (Factors 3 and 4) indicate that opportunities for spontaneous contact outside the workplace have decreased. Electronic entertainment (Factor 2) is an enabling technology; it provides people who have less discretionary time with an efficient way to satisfy their desires for entertainment and diversion. Finally, the generational differences in civic mindedness (Factor 1) remind us that values tend to be formed in the “impressionable years” (adolescence and early adulthood). The younger cohorts came of age during times when the other factors were emerging (Factors 2-4) and were more influenced by them than were the older cohorts.

There are several situational mechanisms linking this set of macro factors with micro-level attitudes, values, and beliefs, but we suggest that one is especially important: an *insecurity-inducing* mechanism. These macro conditions induce the feeling in people that their jobs and ability to make a living are insecure; they perceive the need to protect their jobs by working longer hours than they want to (and to endure extreme commutes). These feelings of insecurity reflect some of the new realities of the American economy (e.g., Farley, 1996) and the realities of the new spirit of capitalism around the world (Boltanski & Chiapello, 2005). A considerable body of research shows that people who feel insecure develop values that are “survival oriented,” prizing above all else economic stability, secure employment, and domestic order (e.g., Baker, 2005; Inglehart & Baker, 2000). Feelings of insecurity translate into behavior: spending more time at work and commuting to work, less time with family, and less time in civic activities. Thus, *time-economizing and reallocation of effort to work* is the action-formation mechanism that translates the feeling of insecurity into actual behavior—an individual’s expenditure of more time at work and commuting to work, and the resulting contraction of the person’s social networks and level of civic engagement.⁴ The transition from micro to macro is made by the transformational mechanism of *imitative behavior* and *rivalry*. Imitative behavior occurs when a person spends more time at work and less at home (and in the community) because the person observes others doing the same; indeed, the more others make these observable trade-offs, the more it becomes the norm (and hence a guide for decisions and action). Rivalry occurs when a person spends more time at work and less at home because he or she feels in competition with others with whom the person interacts. As more individuals spend more time at work and less time in other activities, voter turnout declines, families have dinner together less often, participation in voluntary associations declines, and so forth. Collectively, the unintended consequence is declining social capital on a national scale.

How can social capital fall (Putnam, 2000) and values remain unchanged (Baker, 2005)? Baker (2005) argues that America’s traditional values are path dependent; these values were embodied in America’s founding institutions and have been

reproduced again and again over time (see also Kingdon, 1999, and Lipset, 1996, for compatible path dependence arguments). The reproduction of traditional values is one reason why America has resisted the typical mechanism of value change operating in other affluent democracies—intergenerational replacement, where the younger generations (who have more secular values) replace the older generations (who have more traditional values).

We suggest that some of the conditions and mechanisms that induce the decline of social capital also operate to reinforce and reproduce traditional values. Consider, for illustration, the privatization of entertainment, especially television.⁵ Those who study values argue that the media are among the primary agents of socialization (e.g., Inglehart & Baker, 2000; Norris & Inglehart, 2004). The media tend to report sensational, “newsworthy” events that are not common or statistically normal but instead oversampled from the immoral tail of the moral distribution of everyday life and experience. At the micro level, repeated exposure to events oversampled from the immoral tail is a *moral uncertainty-inducing* mechanism that fosters the belief that the world has gone awry—the commonly held perception of a “crisis of values” (Baker, 2005).⁶

When people feel uncertain, they turn to their social networks to reduce it. This micro–micro link is documented in social psychology (e.g., Festinger, Schachter, & Back, 1950), economic sociology (e.g., Mizuchi & Stearns, 2001), and network theory (e.g., Marsden & Friedkin, 1993). For moral uncertainty, the action-formation mechanism is *moral uncertainty reduction via social interaction*. Social networks are a venue for discussing, debating, and expressing disapproval of immoral behavior. The networks that people turn to are likely to be in the workplace, given that people are time-economizing and reallocating effort to work. These social interactions reaffirm the solidarity of the group and remind Americans of their shared values. The media not only produce moral uncertainty but also provide the “conversational material” for reinforcing moral boundaries. As Erikson (1966, p. 12) put it, “A considerable portion of what we call ‘news’ is devoted to reports about deviant behavior and its consequences. . . . [The media] constitute one of our main sources of information about the normative outlines of society.”

Baker (2005) argues that this process can be understood by considering the functions of deviance and rhetoric. One function of deviance is to maintain group or national solidarity (Durkheim, 1958, 1960; Erikson, 1964, 1966).⁷ Deviance, Erikson (1966) argues, creates

a sense of mutuality among the people of a community by supplying a focus for group feeling. Like a war, a flood, or some other emergency, deviance makes people more alert to the interests they share in common and draws attention to those values which constitute the “collective conscience” of the community. (p. 4)

One function of rhetoric is agenda setting—to place or keep certain topics in mind (R. P. Hart, 1996; McCombs & Shaw, 1972). As R. H. Hart (1996) put it, rhetoric

tells people what to think *about*, not what to *think*. The rhetorical function of deviance is to think about (and talk about) the moral core of the nation and the nation's traditional values.

The transformational mechanism—how interaction is turned into a collective outcome—is *network diffusion*. Diffusion is “[o]ne of the most pervasive processes in the study of social behavior” (Coleman, 1964, p. 492). Network diffusion is the spread of ideas, attitudes, values, products, and so on through interpersonal communication and influence (Valente, 1995). Various factors influence the rate and extent of spread, such as the motives of people in the network and the structure of the network itself (Rogers, 1995). In our case, the motive is supplied by the moral uncertainty-inducing mechanism. Given the small-world structure of networks (e.g., Watts, 1999), “news” of immoral behavior and the interpersonal discussions that reinforce morality can spread rapidly. But even if networks are so fragmented that network components are uncoupled, diffusion can still take place. Morality conversations do not have a single point of origin from which all subsequent conversations are connected. Given that the media are the sources of events that give rise to morality conversations, these discussions start simultaneously in multiple places. For example, the airing on the national evening news of an incident of immoral behavior will spark discussions the next day in many places around the country. As noted above, given the contraction of civic networks and reallocation of effort to work, many of these morality conversations will occur in the workplace.

The situational, action-formation, and transformational mechanisms outlined above describe how social capital can decline while shared values, norms, and meanings are maintained. In other words, these mechanisms show how structural embeddedness can change over time while cultural embeddedness stays the same. Next, we examine a possible next cycle of change: the movement from fragmented networks and shared values (Type 3) to the polarization of networks and values (Type 4). This completes the two-cycle model of social change (Figures 3 and 6).

Transition From Fragmented Networks and Shared Values to the Geographical Polarization of Networks and Values (Type 3 → Type 4)

The geographical polarization of networks and values could occur at various levels, ranging from city/suburb to red/blue states to a regional north/south (or east/west) divide (Evans & Nunn, 2006). There are, of course, documented differences in values and networks across these lines, some of which have deep roots in cultural and historical differences (e.g., Fischer, 1989). For example, the South tends to be more patriotic than other regions, translating into distinctive differences in behavior.⁸ But the question of geographical polarization is not about differences per se; rather, it is about trends in differences, such as the claim that red states are getting redder

and blue states bluer. According to some journalistic accounts, there is a deepening political–cultural divide along geographic lines:

Red America is godly, moralistic, patriotic, predominantly white, masculine, less educated, and heavily rural and suburban; blue America is secular, relativistic, internationalist, multicultural, feminine, college educated and heavily urban and cosmopolitan. Reds vote for guns and capital punishment and war in Iraq, blues for abortion rights and the environment. In red America, Saturday is for NASCAR and Sunday is for church. In blue America, Saturday is for the farmers' market (provided there are no actual farmers) and Sunday is for *The New York Times*. (Rauch, 2005, p. 102)

The empirical evidence offers only modest support for such popular hypotheses about geographic polarization. For example, red states and blue states did not differ much in attitudes, values, and beliefs in 2000 or 2004 (Fiorina, 2005), though the general elections in these years produced vivid red/blue maps. Over time, however, red and blue states are polarizing on political issues—party identification, political ideology, and attitudes about government (Evans & Nunn, 2006). But there is only one “culture war” issue that appears to be polarizing—attitudes about premarital sex. In fact, most “culture war” issues are not polarizing, such as attitudes about abortion, gender roles, and sex education; two—the civil liberties of homosexuals and extramarital sex—are actually starting to converge (Evans & Nunn, 2006). Politically, red states are getting a little redder and blue a little bluer; culturally, however, purple is the appropriate color for all states.

Empirical support of the hypothesis of geographical polarization of networks and values is limited, but it is sufficient to suggest that this macro state is possible. It may be, as we mentioned above, that the only reason we lack of strong evidence is that the nation is in the beginning of this transition and the strong evidence is yet to be produced and observed. Moreover, Type 4 is a logical extension of the state change for which we have strong evidence—the movement from Type 1 (the “melting pot”) to Type 3 (American exceptionalism; Figure 4). Below, we discuss the situational, action-formation, and transformational mechanisms that might produce the geographical polarization of networks and values along red/blue state lines—a movement from Type 3 to Type 4 (Figure 4).

The shift from Type 3 to 4 implies a sorting and remixing of the population on a massive scale. In some ways, America has always been in the process of sorting and remixing. Americans have been on the move since the nation's founding, producing dramatic patterns of internal migrations (e.g., Fischer, 1989). For example, in just the 5 years ending in 1990, the Northeast and Midwest lost population, with the West and especially the South gaining significant numbers (Farley, 1996). During the last several decades, regional mobility has been on the rise. For example, the percentage of people whose current state of residence is different from their state of birth has been steadily increasing since the 1950s (Griswold & Wright, 2004). Why people move (or stay put)

is a complicated question, involving many push and pull factors (e.g., Rossi, 1980). Economic opportunities and the search for amenities (such as warm weather) are some of the most important general factors (Farley, 1996). Florida (2006, p. 34) claims, for example, that a “mass relocation” is underway “of highly skilled, highly educated, and highly paid Americans to a relatively small number of metropolitan regions, and a corresponding exodus of the traditional lower and middle classes from these same places.” The reason, he says, is that “the most talented and ambitious people *need* to live in [these metro areas] in order to realize their full economic value” (p. 35).

The line of theorizing we develop here is based on the assumption that people move because of *political-cultural values*. Our logic is similar to Schelling’s (1978) tipping model of spatial segregation based on race. In our model, people sort themselves on the basis of values. If their values are held by the majority, they tend to stay. If their values are held by the minority, they tend to relocate to places populated by those who share their values, establishing new social ties with these likeminded others. These new ties reinforce their shared values. There are many historical examples of migrations propelled, at least in part, by differences in values, especially religious values. The great Puritan migration from England is but one. Quakers, however, were persecuted in the Massachusetts Bay Colony to the point that they were hunted down (Finke & Stark, 1992), forcing them to relocate to places such as Pennsylvania. Throughout American history, there have been many internal migrations driven by differences in values (Fischer, 1989). Today, argues *New York Times* columnist David Brooks, Americans “are segmenting geographically” because “people are really good at finding people like themselves” (Brooks, 2004, p. 18). To help people find people like themselves, *Where to Retire*, a magazine that claims to be “America’s foremost authority on retirement relocation,” classifies towns across America as conservative, liberal, or moderate, so that retirees can relocate to areas where they can “live among neighbors with like minds on many subjects, including politics” and form friendships with people who share their values (Potter, 2006, p. 115).

We suggest that *values dissonance* is a situational mechanism that produces the motivation to move. Values dissonance is a real (or perceived) mismatch between the values a person holds dear and the values others have. These “others” could be known personally (e.g., neighbors, workmates, members of a school board, local politicians, or parents of school-age children) or they could be known indirectly via secondhand accounts or reports (e.g., newspaper articles, local television, or word-of-mouth reputation). The “values others have” are inferred from their words and deeds (and may not be inferred accurately). Values dissonance could be episodic (e.g., sparked by the outcomes of elections), or it could be long-lasting, as when people live for years in certain areas for employment reasons but do not share values with their neighbors.

Values dissonance induces a feeling of psychological distress, varying by the extent of the discrepancy between the values one holds and the values others hold. This extent may vary proportionally with the distribution of people with conflicting values. For example, a conservative who lives in a blue state where the ratio of blues to reds is 3:1

would suffer more distress than a conservative who lives in a blue state with a blue–red ratio of 2:1. If this discrepancy becomes great enough, a person will be motivated to relocate to an area populated by others with more compatible values. Doing so would reduce or eliminate values dissonance and the distress caused by it. *Relocation* is the action-formation mechanism linking micro-level beliefs (values dissonance) with micro-level action (moving to a more compatible area). Because an action-formation mechanism requires “action opportunities” (Hedstrom & Swedberg, 1998) as well as beliefs, we assume that a move is feasible, such as having the ability and opportunity to find suitable employment in the new location. Of course, some people may have to wait for retirement to move, and others will never have the ability or opportunity to relocate. For many, however, the transformation of work in the United States—the declines of manufacturing and agricultural jobs, the rise of knowledge work, and the shift to an informational-service economy (Castells, 2000)—creates more action opportunities than ever before to move to places of like-minded people.

We suggest that *spatial diffusion and reintegration* is the transformational mechanism that explains how the micro-level behavior of relocation is transformed into a collective outcome—geographic polarization of values and networks. As blues move to blue states and reds to red, the blue states get bluer and the red states get redder. In other words, for blue states, the proportions of blues and reds tip increasingly toward blues; for red states, the proportions of blues and reds tip increasingly toward reds. As this process unfolds, there is a cumulatively increasing effect of push and pull factors. For example, as blue states get bluer, they are increasingly unattractive to reds (push) and increasingly attractive to blues (pull). As more and more people move to reduce value dissonance, each state becomes more and more homogeneous internally, and values become more and more polarized between states.

Reintegration refers to the establishment of new networks and the acquisition of local culture. For example, migrants to the South go to church more often than they did before moving, and also acquire stronger religious values; migrants to the West, in contrast, decrease their religious commitment (Stump, 1984). Newman and Halvorson (1984) offer a supply-side explanation for this pattern. Migrants join the churches that are supplied by the community rather than “demand” churches like the ones they left. Local churches in the South are characterized by higher religious commitment than those in the West. Others have observed that people who move from the South to other regions tend to decrease their church attendance and their faith becomes less important (Smith, Sikkink, & Bailey, 1998). In addition, movers become cultural “cowbirds,” learning so much about local culture that their knowledge equals or surpasses that of lifelong residents (Griswold & Wright, 2004). In total, reintegration in the new location reinforces values, and reinforced values impel tighter reintegration. The reciprocal influence of structure and culture completes the process of geographical polarization.

The situational, action-formation, and transformational mechanisms described above—values dissonance, relocation, and spatial diffusion and reintegration—show

a possible path of change from fragmented networks and shared values (Type 3) to the geographical polarization of networks and values (Type 4). The shift from Type 3 to Type 4 is the second cycle of a two-cycle model of social change (Figure 6). It illustrates how structural embeddedness and cultural embeddedness can change over time, as well as their reciprocal influence.

Conclusion

Social, political, and economic action are embedded in both social structure and culture. The concept of double embeddedness represents this two-sided view of communities, organizations, and markets. This concept is explicit in some of the seminal works, such as Tocqueville and Polanyi, but it has been virtually ignored in theory and research on social capital, economic sociology, organizational theory, and political science. Embeddedness has come to mean almost exclusively *structural* embeddedness. Thus, part of the value of double embeddedness is that it is a “sensitizing” concept (Blumer, 1986), drawing attention to that which has been underplayed or ignored—the duality of structural embeddedness and cultural embeddedness and their complex interrelationships.

Our analysis of two major paths of change and stability in America illustrates that double embeddedness is variable, dynamic, and complex. One path shows that structural embeddedness can change whereas cultural embeddedness does not. Our mechanisms-based style of theorizing is a solution to the puzzle of how social capital can decline (Putnam, 2000) while values remain stable (Baker, 2005). Structural disembeddedness, coupled with stable cultural embeddedness, characterizes American exceptionalism today. The other path shows how structural embeddedness and cultural embeddedness can change together, one reinforcing the other, to produce the hypothesized geographical polarization of values and networks in America. These two paths of change are sequential; together they comprise a two-cycle model of change and stability.

Although we have focused on stability and change in America, we suggest that our theoretical apparatus—the concept of double embeddedness, typologies of embeddedness, and a mechanisms-based approach to theorizing about stability and change—may be applied to a diverse range of social phenomena. For example, the mechanisms of values dissonance, relocation, and spatial diffusion and reintegration operate in the “sect-church process” that drives the “churching of America” (Finke & Stark, 1992). A “sect” is a religious organization with a high degree of tension with its surrounding environment; its religious practices and beliefs are incompatible with outsiders. A “church” is a religious organization with a low degree of tension with its surrounding environment; its religious practices and beliefs are compatible with outsiders. Churches are worldly and permissive; sects are otherworldly and strict. Sects tend to become churches over time, creating a schism

with its members who demand an otherworldly, strict version of faith and those who do not. Eventually, values dissonance creates a split in the congregation, with those who prefer sects splitting off to form a new high-tension religious organization.

The evolution of organizational forms, such as labor unions in America (Fitch, 2006), the rise of the multidivisional form (e.g., Fligstein, 1985) and the fall of the conglomerate corporate form (Davis, Diekmann, & Tinsley, 1994), exhibit the dynamics and complex interplay of structural and embeddedness cultural embeddedness. "Artificial states," with examples in the Middle East, Africa, South America, and South Asia, can be viewed as attempts to engineer double embeddedness. As Alesina, Matuszeski, and Easterly (2006) describe, artificial states are haphazardly put together in political negotiations dominated by Europeans. With little regard for indigenous ethnic and national realities, conflicting groups are put together on purpose, hoping to convert a situation of fragmented networks and divergent values (Type 4) into a unified nation-state (Type 1). Often, the results are sectarian violence and failed states.

Notes

1. Granovetter (1985) concentrated on economic action in his classic article, but noted in his discussion that the structural embeddedness argument applies to "all behavior" (p. 504).

2. Nonetheless, economic cleavages still dominate elections (Fiorina, 2005).

3. Contagion via the network of correspondent and respondent banks indicates that "network diffusion" was a social mechanism that played a role in the Great Depression. Network diffusion is one of the mechanisms discussed in Hedstrom and Swedberg (1998).

4. There is, of course, a large literature on time allocation that could be applied to develop a formal mathematical model (e.g., Becker, 1965; Juster & Stafford, 1985; Winship, 1978).

5. Norris (1996) disputes Putnam's claim that television watching causes a decline in civic engagement, using data from the American Citizen Participation Study. Note, however, that television watching does not have to cause a decline in civic engagement for it to induce feelings of moral insecurity.

6. In national polls at least since 1993, Americans have voiced grave concerns about the state and future of values in the nation. For example, in the combined 1993-1994 General Social Survey, 62% said that "Americans are greatly divided when it comes to the most important values." In a May 2003 poll by Gallup, 77% of Americans rated the "overall state of moral values in this country today" as "only fair" or "poor." Sixty-seven percent said that they "think the state of moral values in the country" is "getting worse." See Baker (2005) for a review of these and similar survey findings from 1993 to 2003.

7. Erikson (1966, p. 9) argues that his explanation fits "all kinds of human collectivity—families as well as whole cultures, small groups as well as nations."

8. For example, higher levels of patriotism translate into a tendency for southern investors to hold more equity in American companies (and less in foreign companies) than they "should," according to a rational investment model (Morse & Shive, 2004). This "irrational" behavior is known as the "home country bias."

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