

**Network discourses:
proliferation, critique and synthesis**

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R. Appelbaum, W. L. Felstiner, and V. Gessner (eds), *Rules and networks: the legal culture of global business transactions*, Oxford and Portland Oregon: Hart Publishing, 2001, 432 pages. ISBN 1841132950 \$102.00, £54.00 cloth, ISBN 1841132969, \$44.00, £23.00 paper.

D. Barney, *The network society*, Cambridge: Polity Press, 2004, 216 pages. ISBN 0745626688 \$54.95, £45.00 cloth, ISBN 0745626696 \$24.95, £14.99 paper.

A. Barry, *Political machines: governing a technological society*, London: Athlone Press, 2001, 305 pages. ISBN 0485004399 \$130.00, £65.00, cloth, ISBN 0485006340 \$49.95, £19.99 paper.

G. Thompson, *Between hierarchies and markets: the logic of network forms of organization*, Oxford: Oxford University Press, 2003, 282 pages. ISBN 0198775261, \$49.50, £55.00 cloth, ISBN 019877527X \$19.95, £18.99 paper.

What exactly has the network metaphor added to social analysis, and why has its use proliferated at such a rapid rate in the study of global processes? Concepts of networked communication and networked firms, network states and the purported arrival of network society have carried the network metaphor into the heart of many debates about globalization. The typology of networks now extends to business and trade, policy and advocacy, knowledge and the professions, together with empire and terror, kinship and friendship, religion and migration. Where theories of globalization once focused on systems and structures, social fields and social movements, global network analysis threatens to replace all this with a concern for myriads of instances of networked connectivity.

If network threatens to become the metaphor of the current global moment, we may do well to heed Grahame Thompson's recent warning that if everything seems to be an instance of networked activity, then this proliferating metaphor may fast be losing its analytical purchase. Network, like any other key concept, relies on its position within a set of contrasting modes of social organization and activity, which include non-networks of varying kinds. As with the proliferating term globalization, we currently need a far more secure sense of the limits of the network metaphor as much as its unchecked expansion into an increasing number of terrains.

The four studies under review here provide further interesting evidence of the proliferating presence of networks, but are equally significant for analysis of the specific ways in which networks may be contrasted with alternative modes of social organization. While it would be premature to speak of an emergent synthesis in global network analysis, a number of common or at least commensurable themes emerge.

Network analysis is not of course new, and even a cursory archaeology of network knowledge leads back into twentieth-century anthropology of social ties, and the micro-level sociology of small group interaction. This is worthy of emphasis given the subsequent near capture of the term networks by discourses upon the new information and communications technology of the 1990s and the influential theses on network society developed by Manuel Castells in *The information age* trilogy (1996–98), and *The internet galaxy* (2001). While Castells's work is not the only significant reference point in global network analysis, it is an extremely important one, reflected in three of the four works reviewed here.

Barney, in his work *Network society*, offers an extended and sympathetic commentary on Castells. The study offers a chapter-by-chapter tour through Castells on network technology, economy, politics and identity elaborated through supporting literature. Barney is sceptical rather than strongly critical of a number of Castells's arguments, especially those that relate to politics and identity. Arguments that postulate a unifying spirit of the age based around new organizational principles are notoriously vulnerable to criticisms of over-generalization, and an excessive emphasis on purportedly new features of social life. Barney doubts whether a new network politics has emerged from the new network technology and economy, disputing that the terrain of politics and the operation of power has shifted wholesale into a politics of information management. Material wealth and physical wealth remain for Barney the foundation for power, while the old politics of political parties selectively uses information media rather than being enveloped within it.

If a new network politics is hard to discern, then Barney is even more sceptical of Castells's arguments on the collapse of legitimating identities arising from social exclusion, leading to the prevalence of resistance identities. These exist, but in no way predominate. Barney turns here to Giddens's more fluid emphasis on post-traditional identity choice. Castells is therefore seen as more persuasive on economic change than on politics and culture, an evaluation that typically applies to many system-based or structuralist thinkers from Marx to Wallerstein. Barney, however, concludes on a rather weak note to the effect that it is too early to determine whether a network society is materializing.

Barry, in his more robust study of *Political machines*, reinforces the critique of Castells on network politics. Barry's focus is on the relationship between government, politics and technology. In an epoch of globalization, where much political discourse has come to be centred on the government of technology, much thinking about policy innovation has become dominated by technological change and the development of technologically accomplished workforces and citizenries. Barry pursues these processes through a 'post-structuralist realism' strongly informed by the work of Foucault and actor-network theory. Networks, within this focus are akin to the capillary-like micro-connections within which the study of government shifts from the conventional focus on the sovereign power of states to discourses through which the self-government of populations is constructed. Technologies, seen in terms of 'arrangements of artefacts, practices and techniques, instruments, and bodies' provide a kind of network infrastructure of governmentality, establishing 'technological zones' within which technical networks function.

These rather abstract generalities are pursued through empirical analysis, most impressively in a case study of EU discourses on government and technology based within DG-XII, the Directorate-General dealing with science, research and development. Networks as constituted within EU discourses of the 1980s and 1990s were a key part of the EU project for an information society. This linked information technology, industrial decentralization, organizational interaction and human potential. This policy formation arose out of perceived failures of two alternative modes of vehicles of EU development. One was market-centred neo-liberalism, which was incapable of spontaneously achieving an information society. The other was the nation-centred implementation structures of EU policies, which lacked the capacity to deliver innovation due to conflicts over the scope for national sovereignty in EU deliberations. Network interconnection across borders, established at a technical and scientific level, emerged as a more auspicious alternative pathway to the information society, bypassing nation-states.

Yet for all this Barry rejects Castells's account of the EU as a network state. The reasons for this are twofold. At a theoretical level, there is no place in post-structuralism or actor-network theory for the kind of economic and technological determinism that sees network states emerge as functional responses to a globalized network economy. This may be how some EU leaders see the organization. Barry's more nuanced alternative is to regard the EU as 'a political institution in which the model of the network has come to provide a dominant sense of political possibilities' (page 101). A second empirical reason for rejecting the idea of the network state is that there are huge limits to the sense in which the EU is effectively networked. Processes of harmonization and standardization within the EU are very limited in many spheres. And the technical networks that are supposed to connect them are, like all such networks, both prone to failure and dependent on huge levels of continuing maintenance and repair. Technological change, moreover, can disrupt existing networks by undermining such processes of standardization as have been previously established. There is, in other words, no necessary logical fit between technology and network.

A final theme in this very insightful study concerns the broader utility of the network metaphor itself. Barry notes its complex pedigree, and its multiple

association with many different models of organization, including kinship and patronage as much as technology. These multiple associations make it problematic in use. A leading example is the tension between its purported role as an effective connector and integrator of multiple centres of activity, and its association with more flexible, untidy and uncertain modes of interpersonal engagement and interaction. Are networks more like machines or classrooms?

Grahame Thompson's major study, the result of at least a decade of interest in networks, returns us to the question of what network analysis adds to social enquiry. The argument here is less about the methodology of network analysis as a means of explicating micro-level interactions. The concern is more substantive, and has both analytical and empirical dimensions. Analytically, Thompson is interested in identifying the specific ways in which the concept of network highlights aspects of social process that evade alternative concepts. Empirically, meanwhile, networks are also assemblages of people, institutions, social practices, interactions and bodies of knowledge oriented to 'problems' (page 8). The two come together, as Barry ably demonstrates, in notions of discourse, which dissolve the distinction between objects out there and knowledge in here.

The major thrust of Thompson's study, reflected in its title, is the positioning of networks as a third mode of organization between markets and hierarchies. The major starting points here are the institutional economics of transaction costs, management and organization theory, and the sociology of trust. In this broad body of work, markets are seen as highly flexible modes of exchange that coordinate buyers and sellers around efficient price signals that minimize organizational costs. They are by themselves, however, very limited bases upon which to coordinate repeated transactions over time, often fail to provide sufficient information upon which rational choices may be made, and are characteristically thin on trust and commitment. Hierarchies – whether public or private – harness more centralized forms of rule-driven authority and deploy information-rich human capital in securing longer-term stability in exchanges, but have the obverse problem to markets, namely excessive rigidity. Networks, by contrast, combine flexibility with trust, responsiveness and reciprocity with longevity, extracting, as it were, the best of markets and hierarchies, while avoiding their limitations.

Much of this context is familiar in economics and business literature. What Thompson does is to scrutinize the analytical argument more fully, and then link it with leading versions of network analysis. He then moves on to consider three terrains of network analysis in policy, industry and the global order, and develops interesting normative as well as analytical arguments to do with the democratic potential and limits of networks. For purposes of this review I focus more on the initial links in this long chain of argument, starting with markets, hierarchies and networks.

Several points of conceptual clarification are required before one can confidently treat networks as a coherent organizational alternative to the other two more established modes of organization. The first asks what kind of a concept is it? Are we talking of Weberian ideal-types that encapsulate a particular logic of social organization, that may be found to varying degrees in the complex flux of social life? And is the concept of network more a hybrid of the other two, with highly normative 'third way' connotations leading beyond neo-liberalism and state socialism? Thompson con-

cludes both that the concept of a network logic is a coherent alternative to the other two and that it has great empirical plausibility. What is less clear is how far these different logics overlap and interrelate, and whether they fully capture the variety of organizational forms in social life.

These outstanding questions speak to a lack of clarity on the conceptual boundaries of networks. This is not redeemed within the methodological standpoint of social network analysis, which simply allows instances of network functioning to proliferate. Nor is it clarified in transaction cost analysis, which is more interested in problems of opportunist departures from rational choice than in the understanding of cooperation. Actor-network theory, as we have seen in Barry's study, is more propitious for the study of non-deterministic networks embracing technology, discourses and actors, but here fluidity threatens to obliterate any sign of network boundaries or limits.

Another way of responding to the proliferating and promiscuous use of network terminology is through a more empirically focused account of the substantive achievements of network analysis. Here Thompson looks at several examples, including an interesting chapter on 'networks and the international system'. This 'global' terrain is noted as the fastest-growing instance of the use of the network metaphor, but it is equally a terrain that Thompson, in company with the late Paul Hirst, saw as largely mis-specified. If much that is global or transnational is really international and significantly national in origin, what does that mean for the burgeoning field of global networks? Are such networks really international or, indeed, national networks writ large?

Thompson devotes more attention to trade and governance in pursuing this sceptical theme, noting the robustness of the national (or regional) in both trade and policy making. The claim is not that 'global' networks, in the sense of transnational networks (for example commodity chains), do not exist, rather that their scale and influence has been exaggerated in the rush to name global networks. Interestingly, there is very little attention to cultural process here and familiar themes such as diaspora, imagined communities, or 'actually-existing' cosmopolitanism are not considered, although they are a part of the global terrain upon which much work on global networks has concentrated.

Thompson, like the previous two authors, devotes significant attention to Castells. And, unlike Barry, he is forthright. Castells's network society thesis is 'plain wrong' (page 192). Spending little time outlining the scope and limits of the network concept, Castells plunges straight into the heady waters of modish conjecture. For Thompson a whole queue of difficult problems are simply ignored. Most economic communication is not transacted electronically – even that which is not usually interactive. Nor is activity on-line strongly networked; rather it takes the form of mundane interpersonal emails. Even more damaging there is no necessary connection between information technology and globalization. Rather than wait for further data, Thompson makes a powerful case for the speciousness of many of the building blocks on which Castells's particular argument rests.

This does not, however, dispose of the reality of all versions of globalization or global networks, including those marginal to Thompson's brand of political economy. He does, nonetheless, lay down a challenge to those who would study global networks,

namely to develop a research programme that is more sensitive to the undisciplined proliferation of the concept, and designed in a way that suggests limits as well as scope in the operation of particular networks. When integrated with Thompson's critical restatement of networks as distinct forms of organization, there is the possibility here of some kind of analytical synthesis rather than continuing proliferation.

Yet, the problem of culture within any such synthesis remains unresolved. If culture is defined as the production of meaning through social practices, then much of the focus of the economic and business literature begs the question of cultural construction of networks and network activities. An outstanding problem, not resolved in Thompson's study is why and under what conditions self-interest or some other social orientation (possibly cultural preference) leads to the development of networks? This issue is picked up in the collection *Rules and networks* edited by Richard Appelbaum, William Felstiner and Volkmar Gessner.

This volume focuses on the different ways in which problems and potential disputes in cross-border trade have been resolved, and is subtitled (very interestingly in view of the discussion above) 'The legal culture of global business transactions'. Arising from a conference held by the Oñati Institute for the Sociology of Law, this volume brings together papers from sociologists, academic lawyers and other social scientists, tied together by an exceptionally insightful editorial introduction. The argument of the book is that four main types of arrangements have emerged to handle global business transactions. These are unified international law; *lex mercatoria* (or business self-regulation in areas such as international arbitration); private, mainly US, law firms; and informal business networks, notably the Chinese *guanxi*. This study might be seen as an excellent example of the kind of conceptually disciplined empirical research that Thompson calls for, where networks are examined as one among a number of types of social organization.

In reviewing the significance of each organizational form, the editors do indeed point to limits as well as strengths. While some progress has been made in developing international business law, it remains the case, in support of Thompson's scepticism, that most 'global' transactions remain governed by national law. The variety of national practices and traditions appear too complex for a unified law to emerge. (This is also bad news for Weberians). This is by no means the end of the story, however. This is partly because a good deal of global trading is regulated internally within business cultures rather than within formal procedures of national law courts and jurisdictions. *Lex mercatoria* has not only helped devise instruments like standard contracts, but also often functions to interpret national laws in a way that allows them to be helpful in global contexts. Even so, Dasser's contribution to the volume suggests that national law remains the predominant model and pours scepticism on the view that *lex mercatoria* is effective as an autonomous entity.

A more recent development, providing a third option, is the growth of global law firms. Such firms have been seen as proactive entrepreneurs creating new markets for legal services in global transactions. These are based mainly in the USA and UK and depend on their national jurisprudential traditions. They are therefore liable to Thompson's scepticism about spurious global attributions and his re-emphasis on a national focus. Contributors to the volume, by contrast, attempt a more finely grained

approach, sensitive to contrasting levels of supra-national focus. This is very limited in labour law (Arthurs), but much greater in capital markets (Flood). The latter generates a strong trans-contextual expertise in dealing with clients from a range of backgrounds, akin to Roland Robertson's concept of glocalization, namely the synthesis of global and local.

Beyond this there remains a fourth alternative, the informal processes of trust and reciprocity that are seen as characterizing Chinese trading networks or *guanxi*. As contributions from Chung and Hamilton, and Landa make clear, these are a long-standing and significant element in the globalization of business practice. What remains in dispute, as well exemplified by all five contributors in this section of the book, is the reason why *guanxi* form. Is this a matter of Chinese cultural preference for personalized social relations or an instrumental matter of rational choice under conditions of uncertainty that cannot be resolved through markets or hierarchies?

No clear answer emerges, although the balance of the debate argues for inclusion of cultural as well as instrumental elements in analysis of business networks. Care should nonetheless be taken with the cultural argument: it remains unclear, whether Chinese look to *guanxi* because of weaknesses in formal Chinese law, and uncertain whether networks reflect Chinese preferences in some macro sense, or particular ethnic sub-groups. Landa, in her study of Hokkien-Chinese rubber traders in Hong Kong, for example, finds that trust weakened the further interpersonal contact stretched beyond immediate kin. She also raises the problem of why trust should be formed at all in relationships within social networks, warning against the facile equation of cultural embeddedness with effective reciprocity. This does not lead us back to 'amoral familism', but it is a useful corrective to the presumption that because economic arguments about solidarity are culturally naive, then cultural arguments are necessarily compelling.

These four studies are only a fraction of the proliferating literature pertaining to global networks. They reflect to varying degrees the problem of network proliferation. But they also provide some sense of productive lines of enquiry in the search for new syntheses. These point less in the direction of Castells's influential grand theories and more towards a more disciplined research agenda built around networks as one among many social forms. Network may be a metaphor for our times, but little analytical progress will be made until those who discern networks are clearer about what networks are not as well as what they are. Meanwhile, network discourses and the empirical modalities of network activity require sensitive and radical interdisciplinary handling, rather than set-piece encounters between disciplinary imperialisms or weaker forms of multidisciplinary standoffs. *Rules and networks* is a model case study of the kind of sensitivity required.

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Books reviewed in this article:R. Appelbaum, W. L. Felstiner, and V. Gessner (eds), *Rules and networks: the legal culture of global business transactions*D...Â *Network discourses: proliferation, critique and synthesis*. Robert John Holton. Published: 1 April 2005. by Wiley. in *Global Networks*. *Global Networks* , Volume 5, pp 209-215; doi:10.1111/j.1471-0374.2005.00115.x. Publisher Website. Full-Text.