



School of Business,
Economics and Law
GÖTEBORG UNIVERSITY

WORKING PAPERS IN ECONOMICS

No. 292

**A Model of Dynamic Balance among the Three Spheres of Society –
Markets, Governments, and Communities –
Applied to Understanding the Relative Importance
of Social Capital and Social Goods**

by

Rick Wicks

January 2009

Published: Emerald Group Publishing Limited, *International Journal of Social Economics* 36(5):535-65 (2009).

ISSN 1403-2473 (print)
ISSN 1403-2465 (online)

SCHOOL OF BUSINESS, ECONOMICS AND LAW, UNIVERSITY OF GOTHENBURG

Department of Economics

Visiting adress Vasagatan 1,

Postal adress P.O.Box 640, SE 405 30 Göteborg, Sweden

Phone + 46 (0) 31 786 0000

Abstract

This paper revisits old questions of the proper subject and bounds of economics: Does economics study “provisioning”? or markets? or a method of reasoning, self-interested rational optimization? A variety of scholars and others in many fields make use of a taxonomy of society consisting of three “spheres”: markets, governments, and communities. It is argued here that this tripartite taxonomy of society is fundamental and exhaustive. A variety of ways of understanding this taxonomy are explored, especially Fiske’s (1991, 2004) Relational Models theory. Then – after communities and their products, social goods, are defined more thoroughly – a visual model of interactions among the three spheres is presented. The model is first used briefly to understand the historical development of markets. The model is then applied to understanding how economic thinking and market ideology, including the notion of social capital, can be destructive of communities and their production of social goods (and their production of social capital as well). It’s not possible to measure these effects monetarily, so calculating precisely “how this affects results” in a standard economic model is impossible. Nevertheless we could better prepare students for real-world analysis, and better serve our clients, including the public, if – whenever relevant, such as in textbook introductions and in benefit/cost analyses – we made them aware of the limitations of economic analysis with respect to communities and social goods. The three-spheres model offered here, based on Fiske’s Relational Models theory, facilitates this awareness.

Keywords: communities; meta-economic efficiency; Relational Models theory; social capital; social goods; three spheres.

JEL: A12, A13, B52, D20, H1, O3, P0, Z1.

Acknowledgements:

I would like to thank Bo Sandelin for consistent support as I’ve developed this theme, as well as Kenneth Arrow, Arne Bigsten, Dick Dureval, Amitai Etzioni, Lennart Flood, Mats-Ola Forsman, Bruno Frey, Johan Lönnroth, Karl Ove Moene, and Svante Ylvinger who have encouraged me at various stages. I also very much appreciate that Wlodek Bursztyn, Wilfred Dolfsma, Alan Page Fiske, Olof Johansson-Stenman, Mats Lundahl, Jeff Madrick, Deirdre McCloskey, E.J. Mishan, Ed O’Boyle, Michael Pepperday, Daniela Roughsedge, and Timothy Taylor have read and provided very helpful comments on this and/or one or more possibly very different earlier drafts, which have also been presented (and comments gratefully received):

- at seminars at the Economics Department of Göteborgs Universitet (2000, 2003, and 2008);
- at the 10th World Congress of Social Economics organized by the Association for Social Economics (Cambridge, England, 2000);
- at the 3rd Nordic Workshop in Development Economics (Copenhagen, 2001);
- at the Association for Heterodox Economics conference (Dublin, 2002);

- at the International Confederation of Associations for Pluralism in Economics conference (Kansas City, 2003);
- at the conference of the Society for the Advancement of Socio-Economics held jointly with the Communitarian Summit (Washington, DC, 2004); and
- at the conference on Social Capital: Definitions, Measurement, and Applications, organized by the Social Capital Foundation (Malta, 2005).

Financial support has at various times been gratefully received from the Economics Department of Göteborgs Universitet; Adlerbertska Stipendiestiftelsen; Stiftelsen Paul och Marie Berghaus; and Stiftelsen Siamon.

Naturally, only I am to blame for the results.

1. Why the three spheres matter for economics

Society appears to be a fact just as does the organic world; yet it is actually more a product of patterned consciousness than it is some "thing" in itself. – Crook (1980:353)

With reference to the domination of model-building in the Journal of Economic Theory – and to the domination of model-building in contemporary mainstream economics more generally – Klein and Romero (2007:241) ask, theory of what? The intention here is to explore what economics is fundamentally about. A tripartite taxonomy of “spheres” of society is presented, and the nature of their interactions is explored in a visual model. The model is then applied to understanding how economic thinking and market ideology, including the notion of social capital, can be destructive of communities and their production of social goods (as well as social capital). The model could also be used to understand the foundations of behavioral economics, though that is not the primary emphasis here.

The model is moral, not deterministic. Causality is explored as it originates in, or is channeled through, each of the three spheres. The ultimate point is situating (“embedding”) markets in their political and social milieu, and understanding that neither markets nor governments nor communities – each operating according to their own principles – can be analyzed thoroughly without understanding their dependence upon, and their effects upon, the others.

Communities are certainly recognized by contemporary mainstream economics – especially development economics and, now, behavioral economics – but only in an *ad hoc* way, as sources of *social capital*, without understanding their true nature. A risk of ignoring the true nature of communities in economic theory is that its credibility suffers with “normal people”, including students, because the theory presents itself as dealing with utility and preferences in general, yet ignores things we all know to be vitally important – communities and social goods.

It’s not possible – and would not be desirable -- to measure the value of communities and their production of social goods monetarily, because it is in the nature of social goods that they lose their value if one attempts to market them or evaluate them monetarily (more on this, including thorough definitions of communities and social goods, in Sections 4 and 5). However, simply acknowledging routinely the presence and relevance of the incommensurable sphere of communities and social goods – for

example, in economics texts and in benefit/cost analyses – would have a beneficial effect on economics and on communities and, via social capital, even on markets.

2. Three interacting spheres: markets, governments, and communities

Three [spheres] seem to have virtually dominated philosophical speculation and social science thought...: the community, the market, and the state...– Streeck and Smitter (1985:1)

While contemporary mainstream economic theory focuses almost exclusively on markets trading private goods, and on governments producing public goods, a widespread though generally unanalyzed taxonomy includes communities producing social goods (and social capital) as fundamental to, and exhaustive of, social space (Boulding, 1978, 1985, 1990; Boulding *et al.*, 1980). Social scientists – including economists – as well as journalists and others, often refer to “the economic, political, and social conditions” underlying any particular situation, but usually without any further analysis of what these terms imply, and how they relate to each other. Fiske’s (1991, 2004) Relational Models (or Modes) theory provides a way to understand this tripartite taxonomy. But before looking at that connection, let’s examine evidence (summarized in Table 1, below) that indeed there is a community sphere alongside the market and government spheres, and that these three spheres are inherently different, and exhaustive of social space.

Among those who use this tripartite taxonomy, human interactions are typically classified into spheres – or *realms*, *domains*, even *facets* (Heilbroner 1985:79), the terms seem equivalent. (Dolfsma *et al.*, 2005, seem to use them randomly, plus *subspheres* and *subsystems*.) To avoid ambiguity, I will stick to the term *spheres*.

All three spheres are part of society, and thus *social* of course, so I’ll generally use the term “community sphere” rather than “social sphere”, though the adjective *social* is often used to refer to aspects of the community sphere, and will often be so used here as well. For example: What are the characteristic differences between economic, political, and social (i.e., community) interactions?

2.1 What is it that distinguishes the market, government, and community spheres from each other?

Economics typically deals with markets and mutual exchange: You do this for me, and I’ll do that for you. This self-interested behavior is of course not confined to markets. Its analysis has often been used more generally, such as in the attempt to explain voting (“public choice”) in the government (political) sphere – but also, for

example, in the attempt (*à la* Becker, 1976 and later) to explain the choice to marry and have children in the community sphere.

But mutual exchange does not exhaust the possibilities for modes of transfer. Even when we try to explain political decisions (e.g., to tax and spend) in terms of benefit/cost analysis by voters, raw power must still be recognized (do this *or else*, the threat of force). It is this very possibility of compulsion that makes it possible for public-goods provision to escape the free-rider problem. Force and threat also seem to be reflected in some internal behavior in a firm: Do this or lose your job; or, do this or we'll strike.

And even when we try to explain the “bequest motive” (Bernheim *et al.*, 1985) in terms of rational maximization of self-interest by parents, love or a sense of identity must still be recognized, in that parents want their children to do well even after the parents are gone. As McCloskey (1998:302) comments: “I get utility because I love, not the other way around.” Love and identity also seem to be reflected in some internal behavior in a firm, for example in the teamwork that makes for profitability.

“Economic” thus generally refers to markets and the production of private goods, while “political” refers to power relations realized in governments which produce public goods (Johnson and Earle, 2000; Harris and Johnson, 2003). “Social” then refers to everything else, to interactions in all types of communities: in families, among neighbors, with co-religionists, etc.

Is there really any coherence to this “third” sphere of communities, or is it just a catch-all? Hopefully Section 4 will remove any doubt.

Kenneth Boulding, who wrote mainstream economics textbooks – but also worked consistently at and beyond the edges of mainstream theory – was fond of seeing the differences between the three spheres in terms of modes of transfer: giving, taking, or exchanging (Boulding, 1978, 1985, 1990; Boulding *et al.*, 1980). Similarly, Jacobs (2000:27) notes that “time and again, human groups must have differentiated *trading* from both *sharing* and *seizing*” (italics added here and hereafter unless otherwise noted). Citing Claiborne (1983:80), she explains:

Possibly the very oldest economic generality is the practice of sharing... Old English had a verb meaning 'to give' [and a phrase] meaning 'to trade', which meant, literally, 'to give with worth' – that is, to give for a price. Our word sell comes from... that phrase for trading.

Etzioni (1996:122) speaks of “three different conditions: *paid, coerced, or convinced*”; Etzioni (1988) explores motivations in the community sphere at length.

Personalist economics, based on Catholic theology, also recognizes three organizing principles: *competition, intervention, and cooperation* (Jonish and Terry, 1999:465-6; O’Boyle, 1999:536-7, 2000:550-51).

Hirschman (1992) referred to three social mechanisms: *exit, voice, and loyalty*.

Though all three can apply in varying ways to each sphere, *exit* refers primarily to the market sphere where, in a competitive situation, one has unlimited choice of buyers or sellers, so can “exit” from any one. *Voice* might refer primarily to the political sphere, where one can attempt to influence results by persuasion, and *loyalty* to the community sphere – though one could argue the other way as well.

Streeck and Smitter (1985:1) refer to these “three basic mechanisms of mediation or control” (Ouchi, 1980) as spontaneous solidarity, hierarchical control, and dispersed competition.

Friedland and Alford (1991:39) refer to three domains with different “logics of action”: In the *marketplace*, we are more likely to base our actions on individual *utility* and *efficient* means; in the *polity*, on *democracy* and *justice*; and in the *family*, on *mutual support*.

Van Staveren (2001:24) asserts that “three values appear time and again in economic analysis: *liberty, justice, and care*. *Markets* tend to express *freedom*, *states* to express *justice*, and *unpaid labor* to express *care* among human beings.” She notes (p. 213) that Ayres (1961:170) asserted a similar set of core human values: “*freedom, equality, and security*”. Van Staveren (p. 203) also notes:

- the form that these values take: *exchange, redistribution, and giving*;
- the locations where they operate: *market, state, and the care-economy*; and
- the corresponding virtues: *prudence, propriety, and benevolence*.

She further asserts that there are “distinct emotions and forms of deliberation as well”. She asks about policy implications (p. 207): “What value should development aid seek to further: *self-reliance? rights? or emergency aid?*” And she notes (p. 208) that the three spheres can be symbolized by *Lady Liberty, Joan of Arc, and Mother Teresa*.

2.2 More uses of the tripartite taxonomy

A variety of other observers use this same taxonomy, in varying orders. For example, Mackey (2002:384) refers to “economic, political, and social problems” in Saddam’s Iraq; elsewhere (p. 181) she uses a different order, referring to “the new political, social, and economic paradigm” (an order which Rothstein and Stolle, 2007:1, also use); and yet elsewhere (p. 49) she notes that something “meant more socially, politically, and economically”. The order of expression doesn’t seem to matter, to Mackey or to most other authors, and one can easily find the other three permutations as well (e.g., Friedman, 2000:131; Giddens and Pierson, 1998:89; Sage, 2003).

But the community sphere is often ignored, and thus is sometimes considered third (Adaman and Madra, 2002). In political theory, the “Third Way” (Giddens, 1998) represents an alternative to either markets or governments, focused more on communities.

Apparent references to these three spheres pop up – in both popular and technical literature – almost everywhere. It can be a fun game, like “whack-a-mole” (analogy adapted from Hertzberg, 2004:461):

- Where and how will the three spheres “pop up” in this or that text?
- And, given any set of three social attributes that do “pop up”, can they be seen in some way as representing the three spheres?

The New York Times’ Pulitzer Prize-winning journalist Thomas Friedman (2000:202) describes “*corporate*-led coalitions to create *commercial* value...; *government*-led coalitions to create *geopolitical* value...; [and] *activist*-led coalitions to create, or preserve, *human* values – such as worker rights, human rights, or environmental preservation”.

Habermas (2001/2006:156) notes “the internal tensions along the fault lines of Western culture. *Jerusalem, Athens, and Rome... monotheism, science, and the republican tradition.*” Waterman (1986:123) asserts “three freedoms: *economic, political, and religious* (conscience)”; and Hobson (1938/1976:52) refers to “the democratic triad of *liberty, equality, fraternity*”.

As some of these examples illustrate, a wide variety of words are used to refer to the three spheres, as in the title of the book (cited by Bennett, 1985) *Mexico: Catholicism, Capitalism, and the State*, or when

- Mackey (2002:217) discusses “*political, economic, and... cultural control*”;
- Bowles (1998:105) refers to “*states, communities, and markets*”;
- Wright (2000:211) refers to “*governance, moral codes, and markets*”;
- Mauss (1925/1967:52) refers to the “*law, morality, and economy of the Latins*” and to “*the distinction between ritual, law, and economic interest*”;
- Yuengert (1999:46) discusses “*free markets circumscribed within a tight legal framework, and operating within a humane culture*”;
- Polanyi (1997:140), in discussing “*economic life*”, refers to “*freedom under law and custom, as laid down and amended when necessary by the State and public opinion*”.

In *The Foundations of Welfare Economics* (1949:230), Little points out that “if a person argues that a certain change would increase *economic* welfare, it is open to anyone to argue that it would decrease *spiritual* or *political* welfare.”

This tripartite taxonomy has been used by economists since Adam Smith who, of course, had first written *The Theory of Moral Sentiments* (1759/1982) about communities and social goods, then *The Wealth of Nations* (1776/1976) about markets, economics. But he was planning a third major work – which was never completed – on the political system (Smith, 1759/1982:342 and “Advertisement” therein). Minowitz (1993) uses the same tripartite taxonomy twice (in varying order) in the title of his book: *Profits, Priests, and Princes: Adam Smith’s Emancipation of Economics from Politics and Religion*.

The English economist and theologian Philip Wicksteed referred to “*business, politics, and the pulpit*” in his book of sermons titled *Is Christianity Practical?* (1885/1920, referenced in Steedman 1994:83). In discussing Wicksteed’s work, Steedman (p. 99) also refers to “*potatoes, politics, and prayer*”. Similarly, Hobson (1938/1976:55) referred to “*the purse, power, and prestige of the ruling classes in business, politics, and society*”. Success itself is often defined as “*wealth, fame, and power*” (Bogle, 2004:1; Carey, 2006), or sometimes as “*money, status, and power*”.

A similar tripartite taxonomy – perhaps Marxian – of *firms*, *social classes*, and *states*, can easily be seen as referring to the three spheres.

According to Trotsky (1957:255), communism would demonstrate that the human race had “ceased to crawl on all fours before *God*, *kings*, and *capital*” (quoted by Minowitz, 1993:240).

Another variation is expressed in the title of a conference paper (Ruccio, 2003): “*Socialism, Community, and Democracy: A postmodern Marxian vision of (post-) capitalism*”. Here *democracy* presumably refers to a mode of political organization, and *socialism* to a mode of economic organization. As Schumpeter (1943/1976) notes, however, socialism’s “motivation is at least equally ‘non-economic’, i.e., *social*, based on concern for community (human) values perceived as violated under capitalism.”

A more market-friendly – but still critical – voice using the tripartite taxonomy is Alan Greenspan (2000), the former U.S. Federal Reserve Chairman (and thus agent of *government*), who said: “While recognizing the efficacy of *capitalism* to produce wealth, there remains considerable unease among some segments... about the effects of raw competition on *society*.” It’s not clear here which particular effects on society those “segments” might be concerned about – ethical and moral or something else – but it’s clear that he’s referring to the community sphere.

Father George Zabelka – who was the military chaplain for the crew that atom-bombed Hiroshima, to his later regret – noted how, at the time, “the whole structure of the *secular, religious, and military society*” made it seem right (cited by Myers, 2000:283).

In Christianity, A. B. Cramp (1994:189) notes that

hermeneutical reading of the Bible yields [in economics] the idea of human stewardship or trusteeship of resources provided by God for purposes (ends) ordained by God; in political matters, justice; in matters of extended family and (small) social groups the norm of truth (loyalty). ... People are workers but also citizens, and they belong to families and other social groupings.

Pope John Paul II referred in his Opening Address to the Puebla Bishops Conference (cited by Gutierrez, 1983:133) to “the product of *economic, social, and political* situations and structures”.

One can also interpret the three Buddhist “sins” – often referred to as *greed* or *avarice*; *hate* or *anger*; and *delusion* or *ignorance* – as related to the three spheres (or to their primary underlying principles): *Greed* can clearly relate to the profits of the market sphere, and *anger* to the sphere of power. *Delusion* might seem harder to classify, but it is usually understood as “delusion of self”, which clearly has something to do with identity, and thus relates to the community sphere (as we’ll see).

The same tripartite taxonomy is also used in at least some non-English languages. A Swedish call-for-papers (*Nordisk Konferens i Idéhistoria och Vetenskapshistoria* 2003) points out that “*krig, mission, och köpenskap hänger ofta nära samman*” (*war, evangelism, and trade* often go together). An advertisement for a book put out by *Liber Ekonomi* (*Liber AB*) says that one of its purposes is to show how basic concepts can be used for analyzing “*sociala, politiska, och ekonomiska*” problems.

The Universitat de Barcelona (Spain) has a division of *legal, economic, and social sciences*.

With all this evidence of widespread use of the tripartite taxonomy of society, it’s not surprising that there are in fact three basic academic social sciences, typically reflected in university departments of *economics, political science, and sociology* (Steuer, 2003).

Steuer actually also identifies psychology (or social psychology) and anthropology as basic social sciences. But while humans certainly only exist in a social context, psychology deals with us primarily as individuals, and social psychology deals with us as we’re affected by the three spheres. So for present purposes we can leave out psychology and social psychology. And as Steuer acknowledges, anthropology doesn’t have an object of its own, but rather engages in the in-depth, personal, empathic study of distinct social groups, communities, or cultures – including their political and economic aspects, of course. So, since we’re looking into the three spheres themselves, we can leave out anthropology, which might be thought of as considering the details and relationships of those spheres across cultures, just as history looks at them across time. This is not to say that psychology and social psychology, or anthropology and history, have nothing to tell us even in this context – merely that their defining characteristics don’t identify additional spheres of society.

Thus economics, political science, and sociology seem to represent quite well the way that both scholars and many others categorize – and sometimes (but rarely) theorize about – attributes of society. (I haven't used the term society as the object of sociology because, as noted above, economics and politics are of course also aspects of society, taken in a larger sense. Thus for example Emmett, 1994:108, quotes Knight and Merriam, 1947, referring to “business and politics and *other* social relations”. An alternative – in fact a long-discussed goal of some – could be for sociology to be considered the overarching social science, with economics and political science as particular specialties.)

The tripartite taxonomy presented here is not meant to reinforce divisions among these three basic social sciences, but rather the necessity for understanding the interactions among their subjects, as exemplified in the model to be presented.

Table 1 (below) summarizes the variety of attributes of the three spheres gleaned from the “random” selection of sources reported above.

Table 1: Attributes of society, by sphere (markets, government, or communities)

What institutions typify the economic, political, and community spheres?		
markets, business, trade, marketplace, commerce, economy	government, governance, law, politics, polity, the state/states, statecraft, diplomacy, military, war, bureaucracy, regulations	communities, family, unpaid labor, the care economy, neighborhoods, clans, morality, religion/religious groups, ethics, culture
Who are the actors in the three spheres?		
firms, corporations, employers, employees, workers, consumers	governments, politicians, public servants, organizers, citizens, voters	individuals, family members, parents, children, relatives, neighbors, religious leaders, parishioners, activists
What types of goods and welfare are produced in the three spheres?		
private, market, economic	public, political	social, religious, spiritual, ethical, community, family
How are goods transferred in the three spheres?		
mutual exchange, trade	taking, redistribution	giving
What are the distinctive guiding principles, motivations, or values in the three spheres?		
dispersed competition, self-interest, mutual advantage, commercial, provisioning	hierarchical control, power, geopolitical	spontaneous solidarity, identity, duty, prestige, ritual, "human"
What are the "logics of action" or virtues in the three spheres?		
utility, efficiency, prudence, liberty, freedom	democracy, justice, equality, rights, propriety	mutual support, benevolence, care, security, emergency aid, self-sacrifice
What types of freedom are there in the three spheres?		
freedom of exchange, free trade	political liberty, civil rights	freedom of conscience and association
What are the measures of success in the three spheres?		
wealth, money	power	fame, prestige
What types of controls are there in the three spheres?		
economic	political, legal	cultural, social, religious, moral
What are the "oppressive powers" in the three spheres?		
profits, capital	kings, princes	God, priests
What "sins" are characteristic of the three spheres?		
greed, avarice	anger, hate	ignorance, delusion of self
What social movements are there in the three spheres?		
capitalism, socialism	nationalism	Catholicism, Islamism, evangelism, secular humanism
What activates the fault lines of Western culture among the three spheres?		
science (Athens)	republican tradition (Rome)	monotheism (Jerusalem)
What symbols represent the three spheres?		
potatoes, purse, profits, Lady Liberty	throne, sword, power, Joan of Arc	prayer, pulpit, altar, Mother Teresa
What social sciences focus on the three spheres?		
economics	political science	sociology

As noted, the terms for the three spheres vary widely. For example, *war* is a power-relationship directed outwards, related to *politics* and *statecraft* in the famous expression of Clausewitz that “war is the continuation of diplomacy by other means.” *Economics* needn’t only deal with *capitalism* and *corporations*, but could conceivably – at least in its “provisioning” aspect – deal with *potatoes*, regardless of whether they’re produced for markets or not.

And authors don’t always classify attributes of human interactions in threes: The title of Wicksell’s (1909) book *Tronen, Altaret, Svärdet, och Pänningpåsen* (*The Throne, Altar, Sword, and Purse*) uses four terms – though it’s not difficult to see that throne and sword are two aspects of the political/government sphere, separated by Wicksell for his particular purposes in that work.

Dolfsma *et al.*, 2005, analyze only in terms of “markets” and “society”, but – p. 348 – “the polity” is also acknowledged as the only “subsphere” that they explicitly mention.

2.3 The three spheres of society are fundamental and exhaustive

A variety of sources also provide evidence of an apparently widespread belief that the three spheres are both fundamental and exhaustive of social space. Michael Novak refers to the “three mutually autonomous institutions: the state, economic institutions, and cultural, religious institutions” as “the doctrine of the trinity in democratic capitalism” (Abdul-Rauf, 1986:175; also Neuhaus, 1986:517).

Dasgupta (1993:104) notes “one overarching idea, that of citizenship, with its three constituent spheres: the civil, the political, and the socio-economic.”

Meyer *et al.* (1992:12) assert that “individuals must acquire the means to participate effectively in the economic, social, and political life of the nation.” In the same work, Wong (1992:141) makes it clear that these three spheres are considered exhaustive by referring to “all social domains... economy... polity... and... cultural system”.

Polanyi (1997:158) describes the Russian Revolution and the Soviets’ “project for a new economic, political, and social system of mankind”.

Shadid (2001:3) points out that “political Islam, or Islamism... suggests an all-embracing approach to economics, politics, and social life.”

Dicken (2007:538) says that “corporate social responsibilities span the entire spectrum of relationships between firms [and] states, civil society, and markets.”

2.4 Other logical underpinnings of the three spheres of society

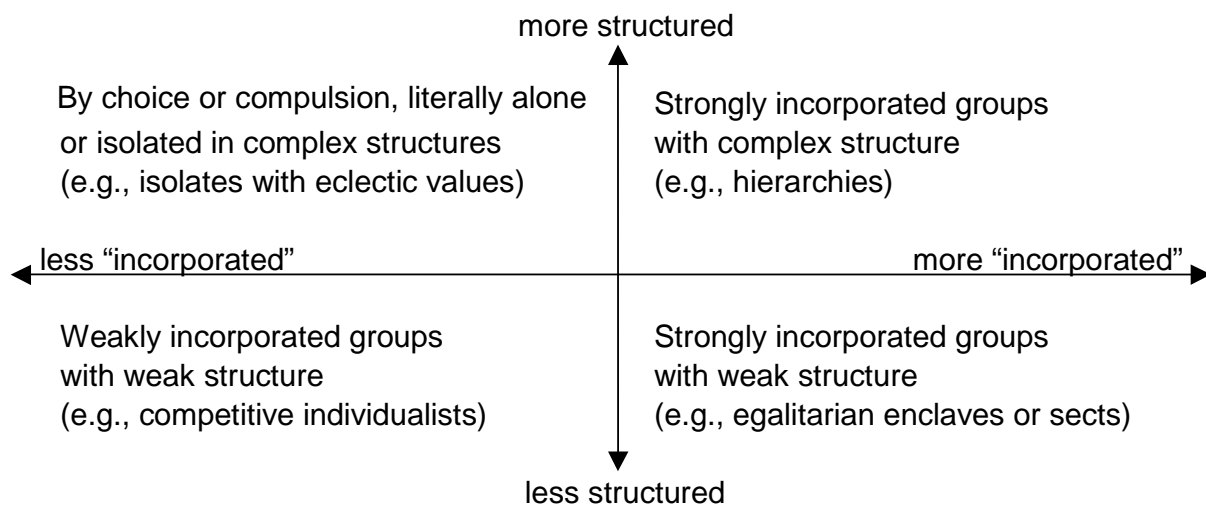
The three spheres thus seem fundamental and exhaustive of social space, but why? As noted, Boulding (1978, 1985, and 1990; also Boulding *et al.*, 1980) described three modes of transfer: gift due to love or sense of identification; seizure by force or threat; or mutual exchange. Try moving your hands while saying: “I can give to you; I can take from you; or we can trade.” There is a certain physical logic, which seems to cover the possibilities.

Douglas and Ney (1998:100-02) offer another way of understanding the three spheres. As I believe is usual in “grid-group” analysis (Douglas, 1982), theirs is actually expressed in terms of *four* different types of “agents” – resulting from a double bifurcation of social reality – but it’s easy to see that *three* of the types also represent the three spheres.

Douglas and Ney graph the degree of “incorporation” horizontally and the degree of structure vertically, resulting in the four categories shown in Figure 1 (below).

Douglas and Ney (p. 102) themselves characterize the *lower-left* quadrant as the home of pioneers showing individual initiative; the *upper-right* quadrant as the home of bureaucrats valuing tradition and order; and the *lower-right* quadrant as the home of holy men and protests. But we can recognize the type in the lower-left quadrant (competitive individualists) as corresponding to the market/economics sphere of mutual exchange, while the upper-right quadrant (hierarchies) corresponds to the political/military sphere of power. The lower-right quadrant (egalitarian enclaves or sects) then corresponds to the community sphere of identity and sharing. Douglas and Ney also note that “the adversary relationship of the[se] three [types] is the essence of democracy.”

Figure 1: Douglas and Ney's "culture map"



Source: Adapted from Douglas and Ney (1998:101).

By definition, the fourth of Douglas and Ney's types (the *upper-left* quadrant, isolates) doesn't correspond to a sphere of society, but rather to isolated individuals, probably at the mercy, at least individually, of those primarily engaged in one or another of the three spheres. Thus Douglas and Ney (p. 104) note that "inevitably, the culture of the isolates is crowded out of the forum, because by definition it is not organized" – although it can possibly influence the three spheres, as poets and artists do, or even as simple social misfits may do, especially if their resentment can be mobilized by others and directed, perhaps toward some political goal.

Elsewhere I believe that Douglas also categorizes the three spheres of society in terms of

- horizontal (exchange, markets);
- vertical (hierarchy, political); and
- inside/outside (identity, communities).

Gudeman (1986:32) points out a similar four-way analysis when he refers to "[Karl] Polanyi's reciprocity, redistribution, and market-haggling – plus autarchy" (where autarchy, of course, is not a "sphere"). Polanyi (1944/1968:57,68) also refers to spheres of "market, authority, and gift-giving" (cited by van Staveren, 2001:62). Smelser and Swedberg (1994:15) also cite Polanyi regarding exchange, redistribution, and a sense of reciprocal obligation.

In summary then, the three spheres – markets, governments, and communities – seem fundamental and exhaustive of social space, with multiple logical underpinnings.

3. Fiske's four relational models or modes (RMs)

However, while analyses on two axes like Douglas and Ney's may seem persuasive, they beg the question why there are two axes rather than, say, three – or one.

Sahlins (1965:147-9) produces a tripartite model from a "spectrum of reciprocities... defined by its extremes and mid-point" (Fried, 1967:36). A variety of such spatial analogies may help us understand the tripartite taxonomy of society, but something less arbitrary might be more convincing. Even the limited possibilities of hand-motions – movements which express giving, taking, and exchanging – might seem somewhat arbitrary.

And in fact Fiske (1991, 2004) and related researchers (Haslam, 2004) have discovered that all human interactions can be understood as manifestations, not of three, but of four "relational models" or modes (RMs) – or of combinations thereof. As noted, economists of course recognize the community sphere in practice and in personal life, but how communities differ theoretically from markets seems not to be deeply understood. Fiske's four relational models provide a clear, mathematical way of understanding the difference. Fiske designates the four RMs as:

"communal sharing" (CS);

"authority ranking" (AR);

"equality matching" (EM); and

"market pricing" (MP).

These four RMs correspond to the basic scale-types in mathematics, and thus exhibit a unique progressive set of mathematical properties (Fiske, 1991:48-9; Turner 1992:127):

CS (communal sharing) = a categorical/nominal scale, the elements of a set (i.e., who is recognized as *in* the community);

AR (authority ranking) = an ordinal scale (linear ordering), a ranking of the elements of the set (i.e., who's in charge, the "pecking order");

EM (equality matching) = an interval scale, keeping track of how much one is ahead or behind (i.e., fairness or equality, e.g., referring to debts of a particular type); and

MP (market pricing) = a ratio scale, allowing ratios which facilitate exchange (e.g., as money equilibrates between types of debt).

These four RMs have also been shown to develop spontaneously in children, regardless of the emphasis in the surrounding culture; in the same order; and at about the same ages: CS during infancy; AR by age 3; EM soon after turning 4; and MP while 8 (Fiske, 1991:48-9). It seems likely that the four RMs developed evolutionarily in the same sequence, and may well represent stages of brain development, and even specific structures and circuits in the brain. (Fiske, 2004 explores possible evolutionary mechanisms, and discusses experiments relating the RMs to neural functioning.)

Fiske makes clear that real human interactions are complex, typically utilizing more than one of the four RMs, sometimes all of them. Nevertheless, it seems obvious that the sphere of politics and government – the arena of authorities exercising power – can be identified primarily with authority ranking, while the economic sphere of markets can be identified primarily with market pricing. That leaves two RMs: communal sharing and equality matching.

Although Fiske found the *four* distinct RMs when analyzing micro-transactions in society, it seems likely that, at the macro-level, the community sphere, taken as a whole, can be primarily identified with *both* CS (taking care of those who are identified as being in the community) and EM (a sense of equality with, and fair play towards, those in the community). (The characterization of communities here is not intended to deny the possibility that those in a community may treat those outside of it quite badly – per Shermer, 2003 – or the possibility that AR may override the sense of equality even within the community.)

But if we take CS as *defining* community, then perhaps it is the case that communities can additionally transfer resources through *any* of the other RMs. Since in modern society AR has generated a “separate” political sphere of governments, and MP has generated a “separate” economic sphere of markets, what remains, underlying the community sphere, is a mixture of CS and EM. We don’t seem to have evolved a separate sphere primarily characterized by EM. (However, Fiske – personal communication, 22 Sept. 2008 – points out that “in every culture nearly all the constitutive rules of most games, sports, and gambling are structured by EM,” so

that they could perhaps be considered a separate sphere. EM can also be associated with the other RMs, as in the notion of political equality, or of fairness in the marketplace. We will return to the issue of how *separate* the spheres really are, which is why that qualifier is in quotation marks above.)

While the proper balance between markets and governments is often contested both theoretically and politically, the proper balance between markets and communities is not so widely questioned – despite, for example, the frequent expression of concern for “family values” in American political debate.

But cultures and societies are known to use different combinations and emphases of the four RMs in what might seem to others to be the same situation. Thus the choice of which RM to apply in particular cases might be either “right” or “wrong”, depending on what culture and society one is in. Using RMs inappropriately – i.e., for interactions which “properly” belong to another sphere – tends to cause cognitive and emotional dissonance which can undermine the “proper” sphere. Fiske (1997) discusses this issue in detail, summed up in his statement (p. 256) that “to compare is to destroy” (when comparison, an MP characteristic, is inappropriate).

Cultures and societies have presumably not finished evolving, so can change the combinations and emphases of the four RMs they use in any particular situation, perhaps in response to some sort of “meta-economic” optimization. Thus the spheres of markets, governments, and communities are somewhat flexible. We’ll come back to this point after more thoroughly defining communities and the social goods that they produce.

4. Communities defined

Just as the characteristic economic institution is markets, and the characteristic political institution is governments, the characteristic social institution is communities. (Private enterprises – firms – are essentially treated as individuals in basic economic theory, i.e., as political, top-down, command-organizations, not as markets – nor as communities. Principal-agent theory attempts to open up this “black box” of the firm through the marketing of employer-employee contracts. The community aspects of firms are generally ignored in economic theory, probably much less so in business theory.)

In his classic sociological study *The Quest for Community*, Nisbet (1953/1970) wrote about “the primary associative areas of society” (p. 47), for example “the family, neighborhood, and church” (p. 49) “based [in a different order] on kinship, faith, [and] locality” (p. 54).

More abstractly, Bell (1993:14,118,170,174) defines three types of “constitutive communities”:

- psychological communities, where we experience trust, cooperation, and altruism in face-to-face interactions (including Nisbet’s “kinship”), such as families, church groups, small towns, work units, long-lasting civic associations, etc.;
- communities of place (Nisbet’s “locality”), such as the places where we were born and grew up, attend or attended school, live and work, etc.; and
- communities of memory, strangers with whom we share a “morally significant” history (like Nisbet’s “faith”), such as linguistic, national, and religious groups, as well as “interest groups” of any kind.

Etzioni and Etzioni (1999:241) describe communities as having two characteristics:

- *bonding*: “a web of affect-laden relationships that encompasses a group of individuals – relationships that crisscross and reinforce one another, rather than simply a chain of one-on-one relationships”; and
- *culture*: “commitment to a set of shared values, mores, meanings, and a shared historical identity”.

These complex characteristics of communities also apply to Nisbet’s and Bell’s descriptions. We will take communities, then, to be *complex groups of people with which individuals identify, based on kinship, location, or belief*:

- Families and ethnic groups are communities based on *kinship*.
- Villages, neighborhoods, and cities are communities based on *location*.
- Religious or political groups are communities based on *belief or ideology*.

A single community could represent all three possibilities, as for example an *ethnic group* living in a *common area* and professing a *common religion*. And in fact – since communities consist of individuals who *identify* with that community – belief or ideology plays a fundamental role in all three types of communities: We have to *believe* in the importance of our kinship, or *recognize* the importance of our common location, for those factors to be a basis for community. The mere facts of kinship and

common location have heretofore not been sufficient for many of the people of the world to recognize themselves as one community. But as we come to recognize the human race as one – based on kinship, common location, or belief in our common future – that tends to generate a “world community”.

5. Social goods defined

Of course economic production (e.g., of food and shelter) and political production (of some level of public order) are necessary for survival, and thus the indirect contributions of communities to those types of production, via social capital, are undeniably important, even crucial. But communities also contribute *directly* something even more emotionally and psychologically important, which – analogously to private goods and public goods – I call *social goods*. (Becker and Murphy, 2000, usefully call attention to social phenomena hitherto unexplained in economics, but in asserting on p. 9 that “social capital” affects utility functions – not production functions – they seem to confuse the metaphor of capital, and thus miss the point being made here.)

Today, when individuals might seem able to survive without closely identifying with any particular group – and even to reproduce without much concern beyond family, if that – why should we care about communities themselves? The simple answer is that humans, like other primates and other mammals, are not reptiles. In terms of MacLean's (1990) triune-brain theory, it's not the large and sophisticated rational neocortex in humans which matters so much, nor the primitive self-centered brainstem we share with reptiles, but the intermediate “limbic brain” we share with all mammals. Mammals nurse their young and take care of their families; and such limbic connections – i.e., close emotional interactions nurtured in communities – remain essential for proper brain functioning, and hence for life-long well-being, including basic mental health and continued human development (Schwartz, 1995; Lewis *et al.*, 2000; Konow and Earley, 2008). Cory (1999) even explains the tripartite taxonomy of society in terms of this triune-brain theory. Even after we grow up, emotional connections to other people – in communities of all kinds – are essential for our psychological, and thus physical, survival. As even Landsburg (1997:160) notes, “other people – our friends and our children, and sometimes even *strangers* who do us unexpected kindnesses – are among the luxuries that make life worth

living.” Even if we hadn't included those strangers in any of *our* communities, they must have included us in *theirs*.

Thus we have a deep mammalian need for communities and social goods, even though it may not always seem “rational” to invest in them. Many aspects of traditional culture seem to have co-evolved in order to guarantee satisfaction of these needs, despite their apparent “irrationality” (Chwe, 2001). And people – when we're not blinded or confused by ideological commitment to MP values, as we sometimes are – tend to mostly value communities for the social goods they produce directly.

But what specifically are social goods? Communities produce a sense of *security* and *identity* (Nisbet, 1953/1970:50,53); in fact identity was used above to define communities. A sense of identity is a social good (Buchanan, 1978:366; Bell, 1993:7-8; Akerlof and Kranton, 2000; Cowen, 2002:131,136), and – as social capital – underlies the long-term research program on implications for economic behavior to which Akerlof (2006) refers. With identity comes

- *meaning and purpose* (Iannaccone, 1998:1480-81); also
- feelings of *kindness, friendship, companionship, and love* (Bell, 1993:7-8; Lewis et al., 2000; Lane, 2000:9); even
- the sense of *affirmation, recognition, and power* that may accompany entrepreneurship or government (Triglia, 2002:43); and
- *community spirit, social cohesion, and stability* (Bell, 1993:7-8; Seabright, 2004).

Needs for *self-expression* – and even for intellectual and esthetic *satisfaction* – also seem to express preferences for social goods (Maslow, 1954; Wallach and Wallach, 1983:130-2; Wilson, 1991:242).

If the preferences of entrepreneurs – who are also consumers – include such social goods, then it seems we must open up the whole notion of “profit” and what motivates economic activity. For example, it seems unlikely that Bill Gates is motivated to earn more financial profits solely in order to purchase more private goods in the market; he has said as much himself, and demonstrated it with his philanthropy.

I call all these products of communities “social goods”, a formulation with which economists are familiar, in order to stress that communities provide something which enters our utility functions directly and *positively* (which is why we call them *good*;

Streissler, 1990:43). It thus seems that any complete economic analysis – of revealed preference and utility as a whole, not just of utility derived from private (market) goods, or even from public goods – must acknowledge social goods, even if it cannot strictly account for them in terms of money.

Myrdal (1969:42) noted a trend towards “scientism”, of social scientists increasingly using “strange terminology”, with which Varian (2001:133) apparently concurred: “I hate to say it, but economist terminology is terrible.” The term “social goods” has previously been used – quite inappropriately, in my opinion – for what are now more appropriately referred to as “public goods” (e.g., Bowen, 1943; Musgrave, 1969, 1986). There have been other well-known usages of the term “social” as well – for *collective* welfare (as in “social welfare” and the ubiquitous “social welfare function”), or for *comparison* goods (Durkin, 1999) – which also haven’t reflected the full meaning of the term. I suggest that the usage advocated here does so, and is thus more appropriate. Otherwise, as Mirowski (1994:54) says: “What is so ‘social’ about social science?” It seems better, when possible, to let words mean what they normally mean: “Social” refers to our life in society, in communities.

Some social goods may exhibit non-excludability or non-rivalrousness, and – like the “mutual sympathy and consideration among citizens” that Dasgupta (1993:106) refers to – may have positive (or negative) externalities, and to that extent may also be considered public goods (or “bads”). Some, but certainly not most, are even providable by government.

But while certain social goods have public-good characteristics – and some, such as love and friendship, have private-good characteristics – their distinguishing characteristic, besides the fact that they are produced by communities rather than by markets or governments, seems to be their inherent non-marketability, not because of non-excludability and resulting property-rights problems, but simply because they disappear – i.e., their character and value are changed unrecognizably – if one attempts to market them or evaluate them monetarily.

This presents a problem for economics: If social goods can’t be marketed or evaluated monetarily, it’s impossible to measure their importance in any normal economic application. It may be that awareness and acknowledgement of this

problem is the best we can do; but that's no excuse for ignoring social goods theoretically.

Incidentally, political and economic institutions may *also* be communities, insofar as people identify with them and they produce social goods. Government agencies and private firms, and even markets, undoubtedly provide a sense of identity, meaning, and purpose, for many of their employees or participants. Small agencies, firms, and markets, allowing personal interaction, can even facilitate the production of kindness, companionship, and love among their employees or participants, though these social goods are not as fundamental to their being as they are, for example, for families.

6. A model of dynamic balance among the three spheres of society

Let's see how the community sphere interacts with the economic and political spheres over time. (Dolfsma *et al.*, 2005, offer an alternative way to visualize some of the interactions discussed here.)

In the model below (Figure 2), the economic sphere is designated "Markets", the political sphere "Governments", and the social sphere "Communities". For each sphere we'll assume that there is some irreducible core (here in white, the inside of each "doughnut") representing essential interactions that appear spontaneously and would remain, or return, even if, for example, efforts were made to completely eliminate that sphere.

Thus Smith (1776/1976:I.ii.2:25) famously referred to humankind's natural "propensity to truck, barter, and exchange one thing for another". Markets emerge because they can handle some types of scarcities more efficiently – and perhaps more harmoniously – than simple community traditions, or authority relations. Markets appeared far back in prehistory, very early in socio-economic development, in fairly primitive societies – with physical commodity-markets generally appearing first, then labor- and credit-markets, and finally land- and land-rental markets (Pryor, 1977:148). And black markets emerged even in the Soviet bloc under communist regimes ideologically dedicated to eliminating them, because markets could accomplish things of which the command economy was incapable. Thus markets appear spontaneously, and could not be eliminated in favor of governments.

And even the most egalitarian consensus-minded communities and cultures seem to find that some political structure of hierarchy and authority also emerges (Fried,

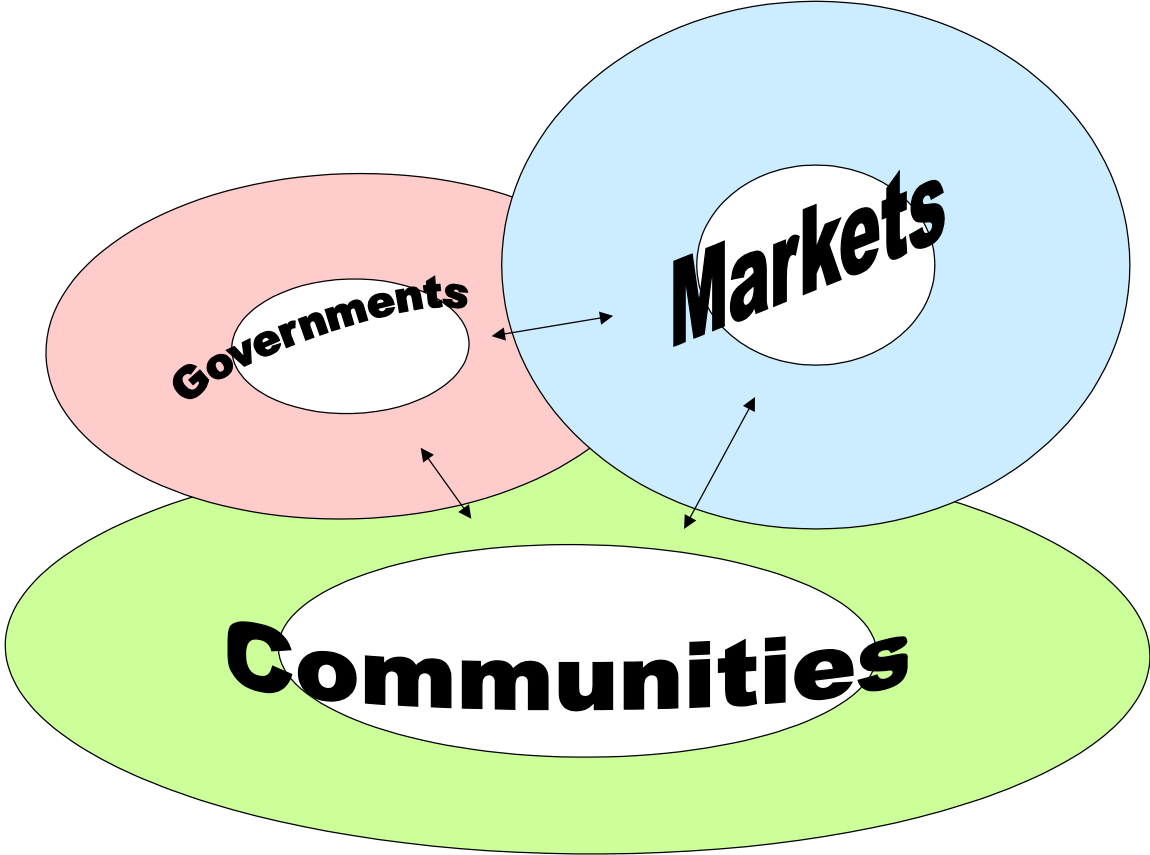
1967:229) – and has done so throughout pre-history, probably even before the emergence of explicit markets – while economists have long recognized that the market sphere also could not function without secure property rights established and guaranteed by the authority of government; this is part of the point of Dolfsma *et al.*'s (2005) Figure 3, showing markets enabled by society, which economic thinking and market ideology in turn can jeopardize (as we'll discuss). Thus again, governments appear spontaneously, and could not be eliminated in favor of markets.

And finally, it would be hard for either markets or governments – or even for both together – to provide completely for human reproduction and child-rearing, the perhaps quintessential community functions. So communities also cannot be eliminated.

Markets, governments, and communities are thus all natural and essential. The examples given of core activities are of course illustrative, not exhaustive. And to repeat, it is *not* being asserted that core activities in any sphere are necessarily “pure” (a point emphasized regarding markets in particular by Hodgson, 1999:124-30): for example, that human reproduction and child-rearing could be, or should be, carried out totally without authority or exchange.

While we can accept that all four RMs may be involved to some extent in each of the three spheres, we thus assume that there are some necessary interactions which essentially require communities (based on CS and EM); others which are inescapably political (based on AR) and tend to elicit governments; and still others which naturally involve exchange (based on MP) and thus elicit markets. Corner solutions – with *none* of one or more of the spheres – are thus ruled out.

Figure 2: A dynamic model of the three spheres of society, showing essential cores and potential areas of expansion ↔ contraction



While comparing the sizes of the three real-life “spheres” is undoubtedly problematic, they were drawn here to reflect both the common perception that most of us, at least, live in a “market society” – so markets are drawn quite large, and in front – and the fact that both governments and markets have taken over many functions formerly performed by families and other communities, which are thus drawn behind. This also reflects the fact that contemporary mainstream economics takes markets as given – and governments to some extent as necessary – but less often even recognizes communities, let alone acknowledging them as a separate sphere organized according to different principles. Nevertheless, communities seem primordial and inherently most essential, so are drawn largest (and green). Reflecting long-standing political convention, governments are drawn to the left (and slightly “red”), and markets are drawn to the right (and blue). But nothing in what follows depends on the relative sizes or positions (or colors) of the “spheres”.

The colored areas in the figure indicate potential areas of contraction of each of the spheres, which can also expand, as indicated by the double-headed arrows. So we

assume some flexibility in allocating the space between the cores, which – because the three spheres are believed to be exhaustive of social space – must be allocated to one sphere or another.

The spheres are represented as regular ovals totally for convenience; no implication should be drawn that expansion of one sphere necessarily implies *equal* contraction of each of the other spheres. For example, shifting the boundary between markets and governments in dealing with, say, the physical environment, would not necessarily impact communities very much – though it might.

So we have a model of society made up of three spheres in tension with each other, an inward expansion of one implying a contraction of (at least *one* of) the others. Beyond the minimal core area of each sphere, its size may be influenced by many factors, including: government decision (i.e., political evaluation); which may be based upon persuasion and ideological commitment (moral or communitarian evaluation); which may in turn be based upon the perceived efficiency of one or another sphere in dealing with any particular type of interaction (an economic or “meta-economic” evaluation). Presumably the (perceived) efficiency of social-space allocations among the three spheres can be influenced by technology, not only physical but also information-technology, and even – or perhaps especially – social (or organizational) technology – perhaps even “psychological technology”. Thus, for example, advertising can contribute to the commodification (commercialization) of many aspects of life formerly reserved to communities (McKendrick *et al.*, 1982; Heilbroner, 1985:118).

So this is clearly not a “deterministic” model in which one can plug in initial values and have *certain* – or even stochastic – results fall out. Instead it is a “moral model”, for the same reason that economics was originally called a “moral science” (Boulding, 1969), with genuinely uncertain results (Toulmin, 2001:210 and throughout). Within limits, the outcome depends on human will and choice, in evaluating uncertain information about those technologies, and on the meta-economic efficiency of various sphere-allocations – including, for example, possible differences in the preferences of cultures and societies for private, public, and social goods, just as individuals might choose consumption-bundles based on differing individual preferences.

7. Historical development of the three spheres of society

In the long run, meta-economic evaluation of efficiency – taking into account needs and desires for private, public, and social goods – may thus assign some types of interactions to the market sphere, others to the political sphere, and may leave (or return) others to the community sphere.

It seems clear that all types of social interactions were originally in the community sphere, with morality and tradition the original primordial “default setting” for determining the appropriate RM for any particular type of interaction. However, under the influences just mentioned, some types of interactions (those most strongly AR and MP) gradually became open to overt political and economic evaluation, then coalesced into separate (or at least separately-conceivable) spheres which hived-off from the originally all-embracing community sphere – “governments” first, markets later, as one would predict from RM theory. Eventually, more explicit, comprehensive, and differentiated governments and markets led to the increasing social complexity which we call “development”. The overall allocation-mechanism probably long remained essentially communitarian (morality and tradition), albeit with some perception of meta-economic efficiency underlying it, reflected also in some political debate and decision.

Thus, for example, the first great historical task of academic, theoretical economics, in the time of Adam Smith’s *Wealth of Nations* (1776), was to help in the intellectual and moral (ideological, communitarian) debate – focused in political struggle – to push back the political sphere, and the community sphere too, in order to create more space for markets, and thereby more marketable wealth. (Dolfsma *et al.*, 2005, discuss this process in terms of their Figure 2, markets embedded in and controlled by society, at some cost.) And this struggle over proper sphere-boundaries continues, reflected, as mentioned, in the concern with “family values” in U.S. political debate (i.e., concern for maintaining the integrity of communities – and for the best ways to use governments, and perhaps markets, to support them).

The cultural historian J.H. Plumb (1972/1988) argues that we’re now at the “end of an epoch”, the Neolithic, and that our basic social structures – family, cities, religion, schools, government – which have lasted since the development of agriculture and then civilization, 10,000 to 5,000 years ago, are now collapsing. Following philosopher Karl Jaspers, theologian Karen Armstrong argues that – at least with

regard to religion – we’re actually at the end of the epoch inaugurated by the “Axial Age”, c. 800-200 B.C.E., when the world’s great confessional faiths began (Roemischer, 2005-06). Both Plumb and Armstrong argue that recent changes in science and technology – driven by and reflected in the growth of markets since Smith – have called basic social structures into question. That there are alternatives besides collapse – such as transformation in some way – is devoutly to be hoped for, and presumably to be worked for as well.

We’re now at the point where social organization has become largely conscious – or, put another way, where the proper sphere for more types of interaction than ever before is up for grabs – so that we feel the possibility (or the necessity) of deciding for ourselves – which is both exhilarating and scary. As Mishan (1967/1993) points out, there are “costs of economic growth” far beyond the simple opportunity-costs involved in market choices, affecting, for example, both our social and our physical environment.

Without perfect information, however, it seems that real (non-probabilistic) uncertainty about the future means that historical experiments will continue to be required to discover what is truly most meta-economically efficient at any given time and place. Deductive (*a priori*) speculation – not to mention revelation at far different times and places – can only go so far. And with all types of technology continually changing, there may be no *lasting* long-run equilibrium-allocation of social space at all – no “end of history” – but rather continuing technological development, continuing moral and political struggle, and continuing social change. Thus interactions among the three spheres constitute not an equilibrium system, but – like markets themselves – more likely a self-organized critical system (Bak, 1997) in which “avalanches” of all intensities and durations can occur (e.g., the Bolshevik Revolution), largely limited perhaps by the conservative (community) forces of morality and tradition.

Given the repeated attempts in recent history to return to an earlier age of certainty – under Communists, Nazis, and now Islamic (as well as Christian and Jewish) fundamentalists (Armstrong, 2000) – the similar recent attempt of market fundamentalists was not surprising, though apparently equally doomed. As Mishan (1986:283) says, anyone who believes in optimization understands that there can be too much or too little. It’s up to us to seek the ever-changing optimal balance

between the three spheres of society which is most appropriate for our changing technology and preferences.

8. The effect of economic thinking and market ideology on communities

We started with the question, what is economics about? Clearly mainstream economics focuses on markets, but also on economic (MP) thinking wherever it may arise, or be construed as arising. But there are non-market spheres operating primarily according to non-market principles – CS and EM in the community sphere, AR in the political sphere – yet interacting heavily with markets, and with economic thinking and market ideology. For us to understand the effects of economic thinking and market ideology (and even of markets themselves) will require us to also understand those other spheres and principles.

Without specifically highlighting communities as a separate sphere, Hirschman (1982) analyzed four possible interactive possibilities between markets and the rest of society: positive or negative, either way. Hirschman thus clearly recognized the positive influence of markets on communities, as does McCloskey (2006). But negative effects on communities and social goods – not just of markets, but also of economic thinking and market ideology (Hillinger, 2007) – have also been widely recognized by market skeptics, including many feminist economists recently, as well as:

Polanyi, 1944/1968; Weisskopf, 1955:140-42; Mishan, 1967/1993, especially Book Two, The Social Consequences; Burenstam Linder, 1970; Plumb, 1972/88; Hirsch, 1976, especially Part II on commodity bias and commercialization bias; Bell, 1976; Fustfeld, 1985:50; Bowles, 1991:12-13, 1998:105; Etzioni, 1993; Simons, 1995:xvii,ch. 3; Putnam, 1995, 2000:187; Goodwin *et al.*, 1997; Giddens, 1998:15; Frank, 1999:88; Fukuyama, 1999:5-6,250-52; Johnson and Earle, 2000:251,376; Lane, 2000:326,336; Myers, 2000; Ciscel and Heath, 2001; Kamarck, 2001:26,84,99; Harris and Johnson, 2003:322; Stiglitz, 2002:56,74,247 and 2003:293,303,319; Roccas and McCauley, 2004:269-70; and of course Marx, 1887/1986:457-8 (Simons, 1995:ch.3, also discusses Marx in this regard).

To call these people “market skeptics” is not to say that they are all opponents of markets – only that they are not market fundamentalists. They see problems as well as benefits with markets – in particular, problems that economic thinking and market ideology can cause for communities and their production of social goods.

All this criticism of the effect of economic thinking and market ideology on communities and social goods can now be better understood using Fiske’s RM

theory. Using RMs inappropriately (i.e., for interactions which “properly” belong to another sphere, whether in the core, or simply by settled tradition) tends to cause cognitive and emotional dissonance which can undermine that sphere – causing it, in terms of the model above, to shrink back towards, or even temporarily into, its core. As noted earlier, Fiske (1997) discusses this issue in detail, summed up in his statement (p. 256) “to compare is to destroy” (when comparison is inappropriate). For example, Skidelsky (2008) points out that the “particular motive for action” which the market system relies upon – which, as he mentions, Keynes called “love of money” – “tends to undermine moral teaching.” Skidelsky continues: “The paradox of capitalism is that it converts avarice, greed, and envy into virtues” – and thus, while producing more marketable wealth, it undermines the sphere of communities and social goods, as well as the sphere of government and public goods (Mishan, 1967/1993; Plumb, 1972/1988; Bell, 1976; Etzioni, 1988; Kamarck, 2001:104, notes its corrosive effect on governments).

Comparison may be appropriate, for example if technologies have changed, so that a corresponding change in the balance between the spheres will be meta-economically efficient. But paradoxically, even acknowledging that could tend to undermine communities as well – at least if the full relationship between the spheres is not explored and understood.

Seeing *everything* as markets – that is, using MP exclusively in social analysis (“economics imperialism”, à la Becker, 1976; Elster, 1989; Coleman, 1994; Baron and Hannan, 1994; Iannaccone, 1998) – can undermine the practice of CS and EM on which communities depend (Marwell and Ames, 1981; Wallach and Wallach, 1983; Schwartz, 1987:52; Cohen, 1991:269-70; Frank *et al.*, 1993; Stiglitz, 2002:220-21). And the production of social goods (and social capital) – on which we all depend – then suffers as well.

9. Focusing on social capital undermines communities and social goods

Economic theory takes labor, land, and physical capital as factors (inputs) into the production of two fundamental types of goods, private and public (Boadway and Bruce, 1984; Jha, 1998; and Arrow, 1977/1983, *summarized in the Appendix*).

Analogously to physical capital, *social capital* – produced by communities – can also be understood as a factor of production, of either private or public goods (Granovetter, 1985; Platteau, 2000). For example, a sense of social responsibility

and trust, produced in families and other communities, makes it easier for governments to maintain some essential level of public order, and for private firms to produce and market their goods.

To the extent that families and other communities are dealt with in contemporary mainstream economic theory, they are generally treated as markets (Becker, 1976, 1991; Cornes and Sandler, 1996; Elster, 1989; Coleman, 1994; Stark, 1999; Bergstrom, 1997; Iannaccone, 1998; Becker and Murphy, 2000; Platteau, 2000). Thus, although mainstream economic theory recognizes social capital, it has not heretofore recognized the true nature of the communities that produce it.

Seeing everything as markets, which undermines communities and their production of social goods, can thus also even undermine the production of private and public goods, because that production depends on social capital which is also produced in those communities. Recognizing communities only as sources of social capital – not as sources of social goods – mainstream economic theory has contributed to undermining those communities, and the social capital they produce. Paradoxically, in order to support the production of social capital, we have to recognize communities – operating on their own motivational principles (CS and EM) – primarily as producers of social goods. Thus social goods – and the communities that produce them – are more fundamental than social capital, even for markets and government.

10. Summary: Valuing communities only for social capital undermines them

*“We need to re-establish the core balance between our markets, ethics, and regulations.”
– Friedman (2008)*

Though the community sphere is largely unrecognized in economic theory for its own sake or in its own true nature, it is different from the economic and political spheres, yet heavily intertwined with them. It is this sphere which, besides producing social goods, also creates social capital. The same values which make *communities* productive can also be used to make *markets* and *governments* productive, because they are also communities, and are attempting to provide services to the larger community, society as a whole.

Viewed merely as the source of social capital – a factor of market or government production – communities would be considered only instrumentally, only for their indirect value in the production of private and public goods. But dealing with things instrumentally is an MP (market pricing) characteristic, and this presents a problem

for communities, which are constituted by and depend on CS (communal sharing) and EM (equality matching). As Fiske (1997) has pointed out, “to compare is to destroy” – that is, in this case, treating communities as though they were based on MP values tends to undermine the CS and EM values that actually underlie them. And this is what contemporary mainstream economic theory seems to do (Titmuss, 1970; Marwell and Ames, 1981; Frank *et al.*, 1993).

Understanding the importance of *markets* and *private goods* for modern societies thus also implies understanding the importance of *communities* and *social goods*, the interactions among the three fundamental spheres of society, and the inherent limits of economic theory and the risks associated with economic thinking and market ideology.

This is not to deny the possibility of negative effects of communities, often due to a lack of tolerance, both internally and externally. But since we can't live without communities, it would seem desirable to find ways to ameliorate those problems by increasing respect for internal and external diversity, while maintaining and strengthening communities.

But as first the political sphere of governments, and then the economic sphere of markets, differentiated themselves from the primordial all-encompassing community sphere, what remains has been overlooked – especially in economic theory. An attempt has recently been made to emphasize its importance as the source of social capital, but – paradoxically – if we are to gain the benefits of social capital for the economic and political spheres, we must learn to value communities in themselves for the social goods they produce directly.

Just as communities contribute, via social capital, both to the profitability of firms and their production of private goods, and to the soundness of governments and their production of public goods, so presumably can both the economic and the political spheres – besides their other uses – be harnessed to contribute to the welfare of communities and their production of social goods. It would be helpful towards this end if economic theory – just as it recognizes the reality and importance of the political sphere (and the reality and importance of the environmental sphere) – were also to recognize the reality and importance of the community sphere, and the value of its production of social goods, and thus the desirability of “optimization” between

markets, governments, and communities. Doing so would be good not only for communities, and for markets (via social capital), but also for economics itself.

Appendix: While asserting generality, welfare analysis with a perfectly competitive market-equilibrium (Arrow, 1977/1983) does not explicitly abstract from social goods, yet ignores them

A.1 The basic set-up and results

Kenneth Arrow (1977/1983:69) offers this classic summary of the conditions for a perfectly competitive market-equilibrium:

- Households, possessed of initial resources, possibly including claims to the profits of firms, choose consumption-bundles to maximize utility at a given set of prices;
- firms choose production-bundles so as to maximize profits at the same set of prices; [and]
- the chosen production- and consumption-bundles must be consistent with each other in the sense that aggregate production plus initial resources must equal aggregate consumption.

As Arrow makes clear, it is assumed in this definition:

- that households and firms have full knowledge of all prices;
- that households and firms take the prices “as given”, not alterable by their own actions;
- that prices are the same for all households and firms; and
- that no resources are used in the act of charging prices.

Certain further assumptions are often used in equilibrium analysis, including:

- convex indifference curves for the households;
- convex production possibility sets for the firms; and
- the universality of markets.

Arrow (p. 70) defines universality of markets to mean that “the consumption-bundle which determines the utility of an individual is the same as that which he [sic] purchases at given prices subject to his budget constraint...” In other words, all sources of utility are purchasable in the market, “everything that matters is a marketable commodity with a meaningful price” (Ackerman, 2008:280).

Pointing out that convexity is not necessary for this step, Arrow then states the First Fundamental Theorem of Welfare Economics as: “If [universality of markets] holds, [then] a competitive equilibrium is Pareto-efficient.” Pareto efficiency, of course, means that no one can be made better off without making someone else worse off.

If we add convexity – and some assumption of equality or justice in original resource-endowments (which Arrow recognizes) – then we seem to have arrived at the best of

all possible worlds: If everything of value is purchasable in perfectly competitive markets, then we're all as well off as we can possibly get.

A.2 Relaxing the universality-of-markets assumption

Of course we do not have equality in original resource-endowments (and, many would argue, not justice either). It may also be that, rather than taking prices “as given”, some economic agents can influence prices by their own actions. And certainly we don't each have full knowledge about all prices. (Another assumption – which Arrow didn't find necessary to mention, but which often isn't fulfilled – is clearly-defined property-rights, which would seem to be a special case of the failure of universality of markets, though quite different from the one discussed here.) And there are public goods which, for one reason or another, can't be sold in markets. But all these aspects have been explored elsewhere at some length, and need not detain us here. (Besides the theoretical literature addressing these issues, practical political action has been taken – to greater or lesser extent – to correct the problems. Thus we may have income-transfers of various sorts to the poor, or the not-so-poor; regulation or creation of monopolies; agencies devoted to information-collection and -dissemination; and government-provision of public goods.)

Relaxing the assumption of universality of markets has also been explored somewhat. As Arrow says (p. 72), “the bulk of meaningful future transactions cannot be carried out on any existing present market, so [the] assumption [of] the universality of markets is not valid.” Nevertheless, this problem is commonly taken to have been overcome – at least in a theoretical way – by the assumption of Arrow-Debreu asset-markets, for which actual asset-markets can give a reasonable approximation. The impossibility of markets for social goods – and thus the non-existence of such markets – has not been explored theoretically, nor even explicitly recognized.

References

- Abdul-Rauf, M. (1986), "Comment on Imad Ahmad, Islamic Social Thought", in Block, W. and Hexham, I. (Eds.), *Religion, Economics, and Social Thought*, Fraser Institute, Vancouver, BC, pp. 500-08.
- Ackerman, F. (2008), "The Economics of Collapsing Markets", *Real-World Economics Review*, No. 48 (6 December), pp. 279-90, available at <http://www.paecon.net/PAERReview/issue48/Ackerman48.pdf> (accessed 30 December 2008).
- Adaman, F., and Madra, Y.M. (2002), "Theorizing the 'Third Sphere': A critique of the persistence of the 'economistic fallacy'", *Journal of Economic Issues*, Vol. 36, No. 4 (December), pp. 1045-78.
- Akerlof, G.A. (2006), "The Missing Motivation in Macroeconomics", Preliminary Draft: Presidential Address, *American Economic Association*, accessible at http://www.aeaweb.org/annual_mtg_papers/2007/0106_1640_0101.pdf (accessed 6 March 2008).
- Akerlof, G.A., and Kranton, R.E. (2000), "Economics and Identity", *Quarterly Journal of Economics*, Vol. 115, No. 3 (August), pp. 715-53.
- Armstrong, K. (2000), *The Battle for God: Fundamentalism in Judaism, Christianity, and Islam*, HarperCollins, London.
- Arrow, K.J. (1977/1983), "The Organization of Economic Activity: Issues pertinent to the choice of market versus non-market allocation", in Haveman, R.H., and Margolis, J. (Eds.), *Public Expenditure and Policy Analysis*, Houghton Mifflin, Boston, pp. 67-81.
- Ayres, C.E. (1961), *Toward a Reasonable Society: The Values of Industrial Civilization*, University of Texas Press, Austin.
- Bak, P. (1997), *How Nature Works: The Science of Self-Organized Criticality*, Oxford University Press, Oxford.
- Baron, J.N., and Hannan, M.T. (1994), "The Impact of Economics on Contemporary Sociology", *Journal of Economic Literature*, Vol. 32, No. 3 (September), pp. 1111-1146.
- Becker, G.S. (1976), *The Economic Approach to Human Behavior*, University of Chicago Press, Chicago.
- Becker, G.S. (1991), *A Treatise on the Family*, Harvard University Press, Cambridge, MA.
- Becker, G.S., and Murphy, K.M. (2000), *Social Economics: Market Behavior in a Social Environment*, Belknap/Harvard University Press, Cambridge, MA.
- Bell, D. (1976), *The Cultural Contradictions of Capitalism*, Heinemann, London.
- Bell, D.A. (1993), *Communitarianism and its Critics*, Oxford University Press, Oxford.
- Bennett, J.C. (1985), "Overview", pp. 547-66 in Block, W., Brennan, G., and Elzinga, K. (Eds.), *Morality and the Market: Religious and Economic Perspectives*, Fraser Institute, Vancouver, CA.

- Bergstrom, T.C. (1997), "A Survey of Theories of the Family", in Rosenzweig, M.R., and Stark, O. (Eds.), *Handbook of Population and Family Economics*, Elsevier Science, Amsterdam, ch. 2.
- Bernheim, B.D., Shleifer, A., and Summers, L.H. (1985), "The Strategic Bequest Motive", *Journal of Political Economy*, Vol. 93, No. 6 (December), pp. 1045-1076.
- Boadway, R.W., and Bruce, N. (1984), *Welfare Economics*, Basil Blackwell, Oxford.
- Bogle, J.C. (2004), "The Right Kind of Success", remarks by the founder and former chairman of the Vanguard Group on receiving the honorary degree of Doctor of Humane Letters, *Pennsylvania State University*, available at http://www.vanguard.com/bogle_site/sp20040515.html (accessed 11 May 2007).
- Boulding, K. (1969), "Economics as a Moral Science (presidential address to the American Economic Association, December 1968)", *American Economic Review*, Vol. 59, No.1, pp. 1-12.
- Boulding, K. (1978), *Ecodynamics, A New Theory of Societal Evolution*, Sage Publications, Beverly Hills.
- Boulding, K. (1985), *The World as a Total System*, Sage Publications, Beverly Hills.
- Boulding, K. (1990), *Three Faces of Power*, Sage Publications, Newbury Park.
- Boulding, K., Boulding, E., and Burgess, G.M. (1980), *The Social System of the Planet Earth*, Addison-Wesley, Reading, MA.
- Bowen, H.R. (1943), "The Interpretation of Voting in the Allocation of Economic Resources", *Quarterly Journal of Economics*, Vol. 58, No. 1 (November), pp. 27-48.
- Bowles, S. (1991), "What Markets Can – and Cannot – Do", *Challenge*, July-August, 11-16.
- Bowles, S. (1998), "Endogenous Preferences: The cultural consequences of markets and other economic institutions", *Journal of Economic Literature*, Vol. 36, No. 1 (March), pp. 75-111.
- Buchanan, J.M. (1978), "Markets, States, and the Extent of Morals", *American Economic Review*, Vol. 68, No. 2 (May), pp. 364-8.
- Burenstam Linder, S. (1970), *The Harried Leisure Class*, Columbia University Press, New York.
- Carey, B. (2006), "The Fame Motive", *New York Times*, 22 August.
- Chwe, M.S.-Y. (2001), *Rational Ritual: Culture, Coordination, and Common Knowledge*, Princeton University Press, Princeton.
- Ciscel, D.H., and Heath, J.A. (2001), "To Market, to Market: Imperial capitalism's destruction of social capital and the family", *Review of Radical Political Economics*, Vol. 33, No. 4 (Autumn), pp. 401-14.
- Claiborne, R. (1983), *Our Marvelous Native Tongue*, Times Books, New York.
- Cohen, G. A. (1991), "Incentives, Inequality, and Community", *The Tanner Lectures on Human Values*, delivered at Stanford University, May 21, 23, accessible at

<http://www.tannerlectures.utah.edu/lectures/documents/cohen92.pdf>
(accessed 4 January 2007).

- Coleman, J.S. (1994), *Foundations of Social Theory*, Belknap/Harvard University Press, Cambridge, MA.
- Cornes, R., and Sandler, T. (1996), *The Theory of Externalities, Public Goods, and Club Goods*, Cambridge University Press, Cambridge, UK.
- Cory, G.A. (1999), *The Reciprocal Modular Brain in Economics and Politics: Shaping the Rational and Moral Basis of Organization, Exchange, and Choice*, Kluwer Academic/Plenum Publishers, New York.
- Cowen, T. (2002), *Creative Destruction: How Globalization is Changing the World's Cultures*, Princeton University Press, Princeton.
- Cramp, A.B. (1994), "Mappings of (Economic) Meaning: Here be monsters", in Brennan, H.G., and Waterman, A.M.C. (Eds.), *Economics and Religion: Are They Distinct?*, Kluwer Academic, Boston, pp. 179-92.
- Crook, J.H. (1980), *The Evolution of Human Consciousness*, Clarendon, Oxford.
- Dasgupta, P. (1993), *An Inquiry into Well-Being and Destitution*, Clarendon, Oxford.
- Dicken, P. (2007), *Global Shift: Mapping the Changing Contours of the World Economy*, 5th Ed., Guilford Press, New York.
- Dolfsma, W., Finch, J., and McMaster, R. (2005), "Market and Society: How do they relate, and how do they contribute to welfare?", *Journal of Economic Issues*, Vol. 39, No. 2 (June), 347-56.
- Douglas, M. (1982), "Cultural Bias", in *In the Active Voice*, Routledge/Kegan Paul, London, pp. 183-254.
- Douglas, M., and Ney, S. (1998), *Missing Persons: A Critique of the Social Sciences*, University of California Press, Berkeley.
- Durkin, John T. (1999), "Market Size, Optimal Variety and the Gains from Trade in a Model of Monopolistic Competition with Social Goods", mimeo.
- Elster, J. (1989), *The Cement of Society: A Study of Social Order*, Cambridge University Press, Cambridge.
- Emmett, R.B. (1994), "Frank Knight: Economics versus religion", in Brennan, H.G., and Waterman, A.M.C. (Eds.), *Economics and Religion: Are They Distinct?*, Kluwer Academic, Boston, pp. 103-20.
- Etzioni, A. (1988), *The Moral Dimension: Toward a New Economics*, Free Press, New York.
- Etzioni, A. (1993), *The Spirit of Community: Rights, Responsibilities, and the Communitarian Agenda*, Simon & Schuster, New York.
- Etzioni, A. (1996), *The New Golden Rule: Community and Morality in a Democratic Society*, Basic Books, New York.
- Etzioni, A., and Etzioni, O. (1999), "Face-to-face and Computer-mediated Communities: A comparative analysis", *The Information Society*, Vol. 15, No. 4 (October-December), pp. 241-8.

- Fiske, A.P. (1991), *Structures of Social Life: The Four Elementary Forms of Human Relations*, Free Press, New York.
- Fiske, A.P. (1997), "Taboo Trade-Offs: Reactions to transactions that transgress the spheres of justice", *Political Psychology*, Vol. 18, No. 2 (June), pp. 255-97.
- Fiske, A.P. (2004), "Relational Models Theory 2.0", in Haslam, N. (Ed.), *Relational Models Theory: A Contemporary Overview*, Lawrence Erlbaum Associates, Mahwah, NJ, ch. 1.
- Frank, R.H. (1999), *Luxury Fever: Why Money Fails to Satisfy in an Era of Excess*, Free Press, London.
- Frank, R.H., Gilovich, T., and Regan, D.T. (1993), "Does Studying Economics Inhibit Cooperation?", *Journal of Economic Perspectives*, Vol. 7, No. 2 (Spring), pp. 159-71.
- Fried, M.H. (1967), *The Evolution of Political Society: An Essay in Political Anthropology*, Random House, New York.
- Friedland, R., and Alford, R. (1991), "Bringing Society Back In: Symbols, practices, and institutional contradictions", in Powell, P., and DiMaggio, P. (Eds.), *The New Institutionalism in Organizational Analysis*, University of Chicago Press, Chicago, cited in DiMaggio, P. (1994), "Culture and Economy", in Smelser, N.J., and Swedberg, R. (Eds.), *The Handbook of Economic Sociology*, Princeton University Press, Princeton, ch. 2.
- Friedman, T.L. (2000), *The Lexus and the Olive Tree*, HarperCollins, London.
- Friedman, T.L. (2008), "The Great Unraveling", *New York Times*, December 17.
- Fukuyama, F. (1999), *The Great Disruption: Human Nature and the Reconstitution of Social Order*, Free Press, New York.
- Fusfeld, D.R. (1985), *Economics: Principles of Political Economy, 2nd Ed.*; Scott, Foresman, Glenview, IL.
- Giddens, A. (1998), *The Third Way: The Renewal of Social Democracy*, Polity Press, Cambridge, UK.
- Giddens, A., and Pierson, C. (1998), *Conversations with Anthony Giddens: Making Sense of Modernity*, Polity Press, Cambridge, UK.
- Goodwin, N.R., Ackerman, F., and Kiron, D., Editors (1997), *The Consumer Society*, Island Press, Washington.
- Granovetter, M. (1985), "Economic Action and Social Structure: The problem of embeddedness", *American Journal of Sociology*, Vol. 91, No. 3 (November), pp. 481-510.
- Greenspan, A. (2000), "Considerable Unease (Other Comment)", *International Herald Tribune*, September 5.
- Gudeman, S. (1986), *Economics as Culture: Models and Metaphors of Livelihood*, Routledge & Kegan Paul, London.
- Gutierrez, G. (1983), *A Theology of Liberation*, Orbis Books, Maryknoll, NY, cited in Arrington, C.E. (1990), "Comment", in Samuels, W.J. (Ed.), *Economics as Discourse: An Analysis of the Language of Economics*, Kluwer Academic, Boston, pp. 90-100.

- Habermas, J. (2001/2006), *Time of Transitions*, edited and translated by Cronin, C., and Pensky, M., Polity Press, Cambridge, UK.
- Harris, M., and Johnson, O. (2003), *Cultural Anthropology*, 6th Ed.; Allyn & Bacon, London.
- Haslam, N., Editor (2004), *Relational Models Theory: A Contemporary Overview*, Lawrence Erlbaum Associates, Mahwah, NJ.
- Heilbroner, R.L. (1985), *The Nature and Logic of Capitalism*, W.W. Norton, New York.
- Hertzberg, H. (2004), *Politics: Observations and Arguments, 1966-2004*, Penguin, New York.
- Hillinger, C. (2007), "Science and Ideology in Economic, Political, and Social Thought", *Economics Discussion Paper 43*, available at <http://www.economics-ejournal.org/economics/discussionpapers/2007-43> (accessed 28 April 2008).
- Hirsch, F. (1976), *Social Limits to Growth*, Harvard University Press, Cambridge, MA.
- Hirschman, A.O. (1982), "Rival Interpretations of Market Society: Civilizing, destructive, or feeble?" *Journal of Economic Literature*, Vol. 20, No. 4 (December), pp. 1463-84; also published as "Rival Views of Market Society", in Hirschman, A.O. (1992), *Rival Views of Market Society and Other Recent Essays*, Harvard University Press, Cambridge, MA, ch. 5.
- Hirschman, A.O. (1992), "Exit and Voice: An expanding sphere of influence", in *Rival Views of Market Society and Other Recent Essays*, Harvard University Press, Cambridge, MA, ch. 4.
- Hobson, J.A. (1938/1976), *Confessions of an Economic Heretic: Autobiography*, Harvester Press, Brighton.
- Hodgson, G.M. (1999), *Economics and Utopia: Why the Learning Economy is not the End of History*, Routledge, London.
- Iannaccone, L.R. (1998), "Introduction to the Economics of Religion", *Journal of Economic Literature*, Vol. 36, No. 3 (September), pp. 1465-95.
- Jacobs, J. (2000), *The Nature of Economies*, Modern Library, New York.
- Jha, R. (1998), *Modern Public Economics*, Routledge, London.
- Johnson, A.W., and Earle, T. (2000), *The Evolution of Human Societies: From Foraging Group to Agrarian State*, 2nd Ed.; Stanford University Press, Stanford.
- Jonish, J.E., and Terry, N. (1999), "The Social Economics of Labor: Work decisions in the short run and long run", in O'Boyle, E.J. (Ed.), *Teaching the Social Economics Way of Thinking*, Edwin Mellen, Lewiston, NY, pp. 455-490.
- Kamarck, A.M. (2001), *Economics for the Twenty-first Century: The Economics of the Economist-Fox*, Ashgate, Aldershot, UK.
- Klein, D.B., and Romero, P.P. (2007), "Model Building versus Theorizing: The paucity of theory in the Journal of Economic Theory", *Econ Journal Watch*, Vol. 4, No. 2 (May), pp. 241-71.
- Knight, F.H., and Merriam, T.W. (1947), *The Economic Order and Religion*, Kegan Paul, London.

- Konow, J., and Earley, J. (2008), "The Hedonistic Paradox: Is *homo economicus* happier?", *Journal of Public Economics*, Vol. 92, No. 1-2 (February), pp. 1-33.
- Landsburg, S.E. (1997), *Fair Play: What Your Child can Teach You about Economics, Values, and the Meaning of Life*, Free Press, London.
- Lane, R.E. (2000), *The Loss of Happiness in Market Democracies*, Yale University Press, New Haven.
- Lewis, T., Amini, F., and Lannon, R. (2000), *A General Theory of Love*, Random House, New York.
- Liber Ekonomi (Liber AB), advertisement for S. Dobson and S. Palfreman, *Grundläggande Nationalekonomi (Elementary Economics)*, Stockholm.
- Little, I.M.D. (1949), "The Foundations of Welfare Economics", *Oxford Economic Papers (New Series)*, Vol. 1, No. 2 (June), pp. 227-46.
- Mackey, S. (2002), *The Reckoning: Iraq and the Legacy of Saddam Hussein*, W.W. Norton, New York.
- MacLean, P.D. (1990), *The Triune Brain in Evolution: Role in Paleocerebral Functions*, Plenum Press, New York.
- Marwell, G., and Ames, R. (1981), "Economists Free Ride, Does Anyone Else?", *Journal of Public Economics*, Vol. 15, No. 3 (June), pp. 295-310.
- Marx, Karl (1887/1986), *Capital: A Critique of Political Economy (Vol. I)*, Progress Publishers, Moscow.
- Maslow, A. (1954), *Motivation and Personality*, Harper & Row, New York.
- Mauss, M. (1925/1967), *The Gift: Forms and Functions of Exchange in Archaic Societies*, translated by Cunnison, I., W.W. Norton, New York.
- McCloskey, D. (1998), "Bourgeois Virtue and the History of P and S", *Journal of Economic History*, Vol. 58, No. 2 (June), pp. 297-317.
- McCloskey, D. (2006), *The Bourgeois Virtues: Ethics for an Age of Commerce*, University of Chicago Press, Chicago.
- McKendrick, N., Brewer, J., and Plumb, J.H. (1982), *The Birth of a Consumer Society: The Commercialization of 18th-Century England*, Europa Press, London.
- Meyer, J.W., Kamens, D.H., and Benavot, A., with Cha, Y-K., and Wong, S-Y. (1992), *School Knowledge for the Masses: World Models and National Primary Curricular Categories in the 20th Century*, Falmer Press, Washington.
- Minowitz, P. (1993), *Profits, Priests, and Princes: Adam Smith's Emancipation of Economics from Politics and Religion*, Stanford University Press, Stanford.
- Mirowski, P. (1994), "What are the Questions?", in Backhouse, R. (Ed.), *New Directions in Economic Methodology*, Routledge, London, ch. 4.
- Mishan, E.J. (1967/1993), *The Costs of Economic Growth*, Weidenfeld & Nicolson, London.
- Mishan, E.J. (1986), *Economic Myths and the Mythology of Economics*, Wheatsheaf, Brighton.

- Musgrave, R.A. (1969), "Provision for Social Goods", in Margolis, J., and Guitton, H. (Eds.), *Public Economics: An Analysis of Public Production and Consumption and their Relations to the Private Sectors, Proceedings of a conference held by the International Economic Association, Biarritz, 1966*, ch. 6.
- Musgrave, R.A. (1986), *Public Finance in a Democratic Society, Vol. I: Social Goods, Taxation and Fiscal Policy*, Wheatsheaf, Brighton.
- Myers, D.G. (2000), *The American Paradox: Spiritual Hunger in an Age of Plenty*, Yale University Press, New Haven.
- Myrdal, G. (1969), *Objectivity in Social Research*, Pantheon Books, New York.
- Neuhaus, R. (1986), "Discussion of Imad Ahmad, Islamic Social Thought", in Block, W., and Hexham, I. (Eds.), *Religion, Economics, and Social Thought*, Fraser Institute, Vancouver, BC, pp. 512-23.
- Nisbet, R.A. (1953/1970), *The Quest for Community*, Oxford University Press, Oxford.
- Nordisk Konference i Idéhistoria och Vetenskapshistoria 2003 (Nordic Conference on the History of Thought and History of Science 2003), available at <http://www.ling.gu.se/~ankid/konferens/konferens2003.htm> (accessed 24 May 2003).
- O'Boyle, E.J. (Ed.) (1999), *Teaching the Social Economics Way of Thinking*, Edwin Mellen, Lewiston, NY.
- O'Boyle, E.J. (2000), "Personalist Economics: Moral convictions, economic realities, and social action", *Review of Social Economy*, Vol. 58, No. 4 (December), pp. 539-52.
- Ouchi, W.G. (1980), "Markets, Bureaucracies, and Clans", *Administrative Science Quarterly*, Vol. 25, No. 1 (March), pp. 129-41.
- Platteau, J.-P. (2000), *Institutions, Social Norms, and Economic Development*, Harwood Academic, Amsterdam.
- Plumb, J.H. (1972/1988), "The End of an Epoch", in *Collected Essays, Vol. I, The Making of an Historian*, University of Georgia Press, Athens, GA, pp. 310-21; first published in *Horizon*, Vol. 14 (Summer 1972).
- Polanyi, K. (1944/1968), *The Great Transformation: The Political and Economic Origins of our Time*, Beacon Press, Boston.
- Polanyi, M. (1997), *Society, Economics, and Philosophy: Selected Papers*, Transaction Publishers, New Brunswick, NJ.
- Pryor, F. (1977), *The Origins of the Economy: A Comparative Study of Distribution in Primitive and Peasant Economies*, Academic Press, New York.
- Putnam, R. (1995), "Bowling Alone: America's declining social capital", *Journal of Democracy*, Vol. 6, No. 1 (January), pp. 65-78; first presented in Uppsala, Sverige (Sweden).
- Putnam, R. (2000), *Bowling Alone: The Collapse and Revival of American Community*, Simon & Schuster, New York.

- Roccas, S., and McCauley, C. (2004), "Values and Emotions in the Relational Models", ch. 9 in Haslam, N. (Ed.), *Relational Models Theory: A Contemporary Overview*, Lawrence Erlbaum Associates, Mahwah, NJ.
- Roemischer, J. (2005-06), "A New Axial Age: Karen Armstrong on the history – and the future – of God", *What Is Enlightenment Magazine*, available at <http://www.wie.org/j31/armstrong.asp> (accessed 10 December 2007).
- Rothstein, B., and Stolle, D. (2007), "The Quality of Government and Social Capital: A theory of political institutions and generalized trust", *Quality of Government (QoG) Working Paper 2*, Dept. of Political Science, Göteborgs Universitet, Sverige (Sweden).
- Ruccio, D.F. (2003), "Socialism, Community, and Democracy: A postmodern Marxian vision of (post-)capitalism", paper presented at the *ICAPE (International Consortium of Associations for Pluralism in Economics) conference on The Future of Heterodox Economics*, Kansas City, June.
- Sage Publications (2003), "New at Sage in 2003 (advertisement)", London.
- Sahlins, M. (1965), "On the Sociology of Primitive Exchange", in *The Relevance of Models for Social Anthropology*, Association for Social Anthropologists Monograph 1, Praeger, New York, pp. 139-236.
- Schermer, M. (2003), *The Domesticated Savage*, Scientific American, Vol. 289, No. 3 (September), pp. 40.
- Schumpeter, J.A. (1943/1976), *Capitalism, Socialism and Democracy*, George Allen & Unwin, London.
- Schwartz, B. (1987), *The Battle for Human Nature: Science, Morality, and Modern Life*, W.W. Norton, New York.
- Schwartz, T. (1995), *What Really Matters: Searching for Wisdom in America*, Bantam, New York.
- Seabright, P. (2004), *The Company of Strangers: A Natural History of Economic Life*, Princeton University Press, Princeton.
- Shadid, A. (2001), *Legacy of the Prophet: Despots, Democrats, and the New Politics of Islam*, Westview Press, Boulder.
- Simons, R.G. (1995), *Competing Gospels: Public Theology and Economic Theory*; E.J. Dwyer, Alexandria, NSW.
- Skidelsky, R. (2008; "The Moral Vulnerability of Markets", *Project Syndicate*, March, available at <http://www.project-syndicate.org/commentary/skidelsky3> (accessed 9 May 2008).
- Smelser, N.J., and Swedberg, R., Editors (1994), *The Handbook of Economic Sociology*, Princeton University Press, Princeton.
- Smith, A. (1759/1982), *The Theory of Moral Sentiments*, Liberty Classics, Indianapolis.
- Smith, A. (1776/1976), *An Inquiry into the Nature and Causes of the Wealth of Nations*, Clarendon, Oxford.

- Stark, O. (1999), *Altruism and Beyond: An Economic Analysis of Transfers and Exchanges within Families and Groups*, Cambridge University Press, Cambridge.
- Steedman, I. (1994), "Wicksteed: Economist and prophet", in Brennan, H.G., and Waterman, A.M.C. (Eds.), *Economics and Religion: Are They Distinct?*, Kluwer Academic, Boston, pp. 77-102.
- Steuer, M. (2003), *The Scientific Study of Society*, Kluwer Academic, London.
- Stiglitz, J.E. (2002), *Globalization and its Discontents*, W.W. Norton, New York.
- Stiglitz, J.E. (2003), *The Roaring Nineties: A New History of the World's Most Prosperous Decade*, W.W. Norton, New York.
- Streeck, W., and Schmitter, P.C. (1985), "Community, Market, State – and Associations? The prospective contribution of interest governance to social order", in Streeck, W., and Schmitter, P.C. (Eds.), *Private Interest Government: Beyond Market and State*, Sage, London.
- Streissler, E.W. (1990), "The Influence of German Economics on the Work of Menger and Marshall", in *Carl Menger and his Legacy in Economics, the Annual Supplement to History of Political Economy*, Vol. 22, No. 1 (Spring), pp. 31-68.
- Titmuss, R.M. (1970), *The Gift Relationship: From Human Blood to Social Policy*, George Allen & Unwin, London.
- Toulmin, S. (2001), *Return to Reason*, Harvard University Press, Cambridge, MA.
- Trigilia, C. (2002), *Economic Sociology: State, Market, and Society in Modern Capitalism*, Blackwell, Malden, MA.
- Trotsky, L. (1957), *Literature and Revolution*, Russell & Russell, New York.
- Turner, J.H. (1992), "Overcoming Humanities-Babble: Searching for universal types of human social relations", *Contemporary Sociology*, Vol. 21, No. 1 (January), pp. 126-8.
- Universitat de Barcelona, available at <http://www.ub.edu/homeub/en> (accessed 27 June 2007).
- van Staveren, I. (2001), *The Values of Economics: An Aristotelian Perspective*, Routledge, London.
- Varian, H.R. (2001), "What I've Learned about Writing Economics", *Journal of Economic Methodology*, Vol. 8, No. 1 (March), pp. 131-134.
- Wallach, M.A., and Wallach, L. (1983), *Psychology's Sanction for Selfishness: The Error of Egoism in Theory and Therapy*, W.H. Freeman, San Francisco.
- Waterman, A.M.C. (1986), "Christian Political Economy: Malthus to Margaret Thatcher", in Block, W., and Hexham, I. (Eds.), *Religion, Economics, and Social Thought*, Fraser Institute, Vancouver, BC, pp. 99-124.
- Weisskopf, W.A. (1955), *The Psychology of Economics*, Routledge & Kegan Paul, London.
- Wicksell, K. (1909), *Tronen, Altaret, Svärdet och Pänningpåsen (The Throne, Altar, Sword, and Purse)*, Ungsocialistiska Partiets Förlag, Stockholm.
- Wicksteed, P.H. (1885/1920), *Is Christianity Practical?*, Lindsey Press, London.

- Wilson, J.O. (1991), "Human Values and Economic Behavior: A model of moral economy", in Etzioni, A., and Lawrence, P.R., *Socio-Economics: Toward a New Synthesis*, Sharpe, Armonk, NY, ch. 14.
- Wong, S.-Y. (1992), "The Evolution and Organization of the Social Science Curriculum", in Meyer, J.W., Kamens, D.H., and Benavot, A., with Cha, Y-K., and Wong, S-Y., *School Knowledge for the Masses: World Models and National Primary Curricular Categories in the 20th Century*, Falmer Press, Washington, pp. 124-38.
- Wright, R. (2000), *Nonzero: The Logic of Human Destiny*, Pantheon Books, New York.
- Yuengert, A.M. (1999), "The Uses of Economics in Papal Encyclicals", in Dean, J.M., and Waterman, A.M.C. (Eds.), *Religion and Economics: Normative Social Theory*, Kluwer Academic, Boston, pp. 33-50.