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1. Introduction

This paper contains three parts. The first outlines the reasons I believe the time has come to develop a shared body of thought for socio-economics. It then turns to the principles that ight guide us in developing such a core, and finally, suggests several specific elements for such an approach.

Although my discussion benefits from a document formulated after SASE (Society for the Advancement of Socio-Economics)[1] was founded, all that follows reflected my current views as to what is to be done in order to feed a dialogue on this subject. Clearly, the only way such a core can be developed is through an extended and extensive dialogue among those of us who are concerned about the future of socio-economics as an academic discipline, as a basis for public policy and as a source for our fellow persons to better understand and guide the social and economic world in which we all live.

2. Next: a shared core

Socio-economics has come a long way over the last decade. Energetic and dedicated leadership and fine executive directors have put the International Society for the Advancement of Socio-Economics on a sound footing. Attendance at annual meetings is solid. Colleagues attend

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In this article I have drawn on my book *The moral dimension: toward a new economics*. I am indebted to J. Rogers Hollingsworth and David Marsden for comments on a previous draft and much else.

1. *Madison Declaration on the Need for Socio-Economics Research and Theory*, accessed at www.sase.org/conf99/declaration.html on 8/5/00.

because they find the meetings stimulating; they hardly provide a job market, a reason many feel they ought to attend the meetings of many other disciplinary associations. The executive council is much stronger than it used to be. Several new books have been published that cover socio-economic topics.

With this in mind, three next steps seem to suggest themselves: (a) Socio-economics ought to become institutionalized, in the sense that we need to find or form some graduate departments or schools that are willing to train students in socio-economics and accord degrees in this field. There is a steady demand for socio-economists, especially by CEOs and heads of NGOs, but no supply. (b) We need a journal in which to publish solid socio-economic works rather than a grab bag of papers that happen to come in over the transom, many of which should not have been published in any place, and most of which have not a socio-economic bone in them. (c) Both developments are conditioned on the third one, that socio-economics develop a limited core of shared principles. Neoclassical economics, for instance, is built around the perfect competition model and all that it entails. Law and economics, which now commands the loyalty of maybe as many as a third of the legal scholars in the USA, in turn is based on the neoclassical model. Biology long took one form or another of Darwinism as its core. As a result, members of these disciplines can take certain core assumptions for granted. These serve to establish what is part of the discipline and what belongs elsewhere; to allow members of the discipline to build on rather than continually examine elementary terms and the basic approach; and--most important--to provide a base for the accumulation of knowledge generated by different scholars. This is what socio-economics seems to be ready for and indeed requires, if it is to grow significantly as a discipline beyond its current level.

Several of my colleagues do not see it the same way. Some suggest that SASE meetings ought to be places where people exchange ideas and findings and renew their friendships. As I see it all these can be achieved, and better, if there is some common ground on which these exchanges can build. Others seems to be trouble by the term 'discipline' because they associate it with being disciplined (by some authority figure rather than a body of knowledge), which is not what is suggested here. In any event, it seems completely legitimate for only some members of SASE to participate in the attempt to develop a limited core of shared assumptions. If it turns out to be fruitful, others may wish to join the further elaboration of this core. The following is meant to help feed this dialogue rather than conclude it.

3. A paradigm shift

My thesis is that to develop the said shared socio-economic core, we require a paradigm shift--a basic change in perspective. There are now two fundamentally different paradigms of social science, which in turn have deep connections to distinct bodies of social philosophies, ethics, social values and even political ideologies.

One paradigm is centered around the individual, who is assumed to be the agent, the choice maker, the foundation of liberty. Among those who speak in this way are classical liberals, contemporary classical liberals, laissez-faire conservatives and libertarians. This does not mean that everyone whose scholarship is based on individualistic assumptions votes for the parties that champion these assumptions. Many who work in highly specialized areas are unaware or care little about the underlying assumptions of their discipline–or do not allow these assumptions to affect them as citizens. Nevertheless there are strong parallels between individualistic disciplines and ideologies. (Those economists that allow other paradigms to affect

their scholarship, rather than their political orientation, constitute a tiny fraction of their discipline in the USA and a decreasing one elsewhere and are often chastised by their colleagues.) I am not saying one cannot work with colleagues who have such an orientation; only that there is merit in some of us following a different approach, both to test its effectiveness and to bring its insights to the work of those who follow a different drummer.

To illustrate: when economics is formulated in the terms of the neoclassical paradigm we find as a core concept that of consumer sovereignty, a brief examination of which will stand for many other examples that could be given. This is the notion that the direction of the economy *in toto* arises from an aggregation of individual choices and transactions. This is a cardinal assumption that guides much of the work in the neoclassical approach. As a result, if neoclassical economics are asked to recommend policies that would increase the saving rate (a goal of US public policy for several decades), they typically suggest increasing the incentives for people to save (advice that has led to setting up tax-deferred and tax-exempt saving accounts in the USA, known as IRAs and Keoghs). For these to work, millions of people have to changes their behaviour, which was assumed to be easy because a rational person would jump on the very considerable tax benefits involved. In effect, it took decades and large outlays before most taxpayers even found out about these accounts. Millions still do not use them, despite the fact that there is no rational reason for them to refrain. The accounts cost the US Treasury many billions but resulted in very little new saving. (Many people who save anyhow moved their monies into these accounts. Note also that the penalties on abusing them are small and enforcement of even these, weak.) In effect it is quite possible that the loss to the Treasury exceeded the increases in saving.

A socio-economist is more likely to consider actions by the community and state as the first step. Saving rates are best increased, she may suggest, by increasing budgetary surplus and/or paying off more of the national debt, much more effective ways to boot saving than trying to affect the choices of millions of individuals. Of course, there are macro-economists who study national budgets, but they cannot find in their paradigm the principles and concepts that nourish analysis which is not based on aggregating individual choices (for a fine recent discussion of institutionalism in this context, see Stryker, 2001). And just as the individualistic paradigm does not reject macro factors (although it has a hard time accommodating them), so socio-economics has room for the study of aggregations of individual choices, although this is not at its core. Note that an overwhelming majority of the topics listed in the Madison Declaration on 'the Need for Socio-economic Research and Theory', concern macro elements (accessed at www.sase.org/conf99/declaration.html on 8/5/00). (Robin Stryker correctly points out that further sophistication requires a multi-layered approach that goes beyond that macro-micro dichotomy, a point not further discussed here, but see Stryker, 2001).

Socio-economics, as I see it, best draws on a different paradigm, one that contains several such core assumptions that differ from the neoclassical ones. I should stress that the notion that one ought to test empirically whether a different paradigm is more productive is far from unusual or offensive to other disciplines. On the contrary, historians of science will be quick to point out that such attempts are quite common; some succeed (e.g. Galileo, Darwin, Freud), others do not, but all invigorate science. Neoclassical economists, who see great merits in competition for sorting out those products that deserve to spread versus others, surely will not object. But for the

market place of ideas to do its wondrous, neoclassical thing, it must have a competitive product rather than a monopoly.

If one accepts, for the sake of discussion, that socio-economics requires a different paradigm than neoclassical economics, two insights follow. First, it is counterproductive to try to convince neoclassicists that they are making wrong assumptions, or to chastize them for not incorporating societal, cultural, and historical factors in their paradigm. It is futile because once a discipline has acquired a definite core, its members' 'job' is to defend it, to try to work within it, and to try to incorporate into it pesky challenges. [See, for instance, the way social norms have recently been treated by neoclassical scholars (Etzioni, 2002).]

David Marsden suggested that instead we 'encourage empirical research on difficult areas' (personal communication). He suggested that Truman Bewley's recent study on why wages do not fall in a recession is an example. He started with a puzzle for economists, and because he knows his economic theory very well, he was able to ask business people the kind of questions needed to assess whether they behaved in ways that would correspond to certain mainstream theories of employment. There is no reason to oppose such an endeavour. Note though that it assumes that one has to learn to know neoclassical economics 'very well', a rather time-consuming and mind-numbing business. And that neoclassical economists, rather than be convinced to change their paradigm, will find ways to show that their theory holds–despite the fact that wages do not fall in a recession, etc. etc. Indeed, this is exactly what has happened.

Above all, the underlying assumption of all such endeavours is that one ought to convince 'the' economists. However, if one examines how paradigms have historically shifted, one finds that new paradigms have not emerged because followers of the old, obsolescent paradigm were

won over to new ways of approaching the world. Rather, a group breaks away from the old tradition or a new group is formed, giving rise to a legitimate conflict between the old and new paradigms. Then the 'market' decides which paradigm has more evidence and is more compelling, although often both the old and the new coexist for long periods of time. The main contest is over new followers rather than converting the old-timers.

Ergo, if there is going to be a socio-economic disciplinary core it will rise out of the work of socio-economists, not neoclassical ones, and most of them–at least the hard core–will not be won over. New generations and those who have not previously committed themselves to any particular paradigm, are going to be the carriers of the new one.

It also follows that socio-economics, by definition, is an interstitial discipline; it is a bridging discipline. In that sense, it is similar to biochemistry and social psychology, rather than biology or chemistry, sociology or psychology. Its variables are derived from two or more social science disciplines rather than from any one. (The term 'socio' in socio-economics does not stand for sociology; it includes major segments of psychology and anthropology, history, and political science–the whole complex of disciplines that are examined the relationships between society and the economy.)

Moreover, the paradigm at the foundation of socio-economics points to the 'location' of causality (or independent variables). Socio-economics requires, on the face of it, that one deal with one or more social variables and one or more economic variables. If one deals only with economic variables–for instance, if one studies whether low levels of unemployment and high rates of inflation are correlated–one is not in socio-economics. It is a fully legitimate subject for study, but an intra-economic one. And if one explores the question of the effects of

fundamentalism on science, this study, too, is not part of socio-economics, because all the variables are social and none are economic. Socio-economics arises when analysis starts with the independent variables in the social realm, and then moves to economic dependent variables. For instance, do people who are more conservative in their political ideology save more than those who are not? Do people who are alienated make for less productive workers? Does lobbying affect prices and to what extent? What social and political conditions make for higher economic growth? And so on and so on.

Next, and on the same point, it is a grave error to treat the economy as self-sustaining system, to view the market as separate from society (and its polity). The starting point of socio-economic analysis is that the economy is a sub-system of the societal system. Much of what is occurring within the economy is best explained by attributes and processes that occur outside of it. To cite just one very well known and compelling example: Max Weber's study of the social (and religious) conditions under which capitalism arises and thrives (Weber, 2001). (To suggest that economies are nestled within a societal system is not to suggest that they have no autonomy or independent power. They may well cause changes in the encompassing system. The only point made is that it is unproductive to think about the market or the economy as self-sustaining, free-standing systems. It is enough to consider the notion of private property and limited liability, both essential for a modern economy, to recognize that these are concepts rooted in the legal and cultural system of the societies in which economists are embedded rather than part of their realm.)

To make the difference between neo-classical and socio-economics less abstract, here is a specific example. George Stigler (1968) wanted to provide an example of the governing

assumption of neo-classical economics, that the market (an aggregation of the choices of all participants) ultimately sets the context in which individual choices must be made. Thus, if a manager reads the market correctly in terms of what will sell at what price, then that manager's corporation will stay in business; if the manager misreads the market's signals and persists in not responding to its dictates, the firm will be soon bankrupt.

To illustrate this point, Stigler focuses on wheat farmers. Each farmer cannot decide what he or she will charge for a bushel of wheat; they can charge only what the market will bear. The market decides. The core assumption is that the market works like an anonymous box into which suppliers throw in their bids and buyers throw theirs, and out of this invisible hat the "correct" price prints out.

A socio-economist, not bound by the aggregate individualist paradigm, will note that in the USA, farmers are not merely 'in the market' but also in the polity; they are members of one of two political lobbies. These lobbies influence Congress to enact various legislation that greatly affects the price of wheat. While this is now changing, for the last 40 years, the price of wheat was not determined by an autonomous machine: it could not fall below a certain level because the government protected the price. (The details were a bit more complicated. To protect their egos, the farmers did not want to take money directly from the government; handouts were for despised welfare recipients. Farmers, therefore, gave their wheat as collateral to the government, which in turn gave them loans. If the market price moved up, they took the wheat out and sold it; if it fell, they left the wheat in the silos, the government fortified and kept it, and it rotted. When all was said and done, the government ensured that the price the farmers got did not fall below a certain level, as determined by politics and not the market.)

The price reflected the fact that the farmers lived in both the polity and the economy, and they used their lobbying citizens' hat to influence the economy. Farming is hardly the only sector in which this occurs. If you look at textiles, you will find that we have something called a multi-fibre agreement, through which the government controls how much textile is imported from what country and at what prices. For many years, we had a trigger price for steel; reflecting pressure from Congress, we had a so-called voluntary quota limiting the importation of cars from Japan to 1.25 million. The same can be found in many other areas. About the only sectors in the USA that truly approximate the neoclassical model are Chinese restaurants and laundromats and even they are regulated by the city, which tells them they cannot open one too close to another.

4. A core theorem: self-interest and values

To reiterate, socio-economics, by definition, is an interstitial science. To apply this essential observation–just illustrated on a macro, societal level–to the micro, individual level, the following core theorem might be considered as a cardinal building block of socio-economics: individuals' decisions and behaviours, far from following one unified principle, or seeking to maximize pleasure and minimize pain, or marching to one overarching utility, reflect empirically the conflict between two–at least two–irreducible utilities. The first is our desire for pleasure; the other, our moral obligations.

To start with an extremely simple example: when one says, 'I would like to go to a movie, but I ought to visit my friend in the hospital,' the statement contains what is pleasurable and what is morally called for. Indeed, most of our values are dedicated to pulling us against the pleasure principle. Whether religious or secular, they call on people to fast, to give to the church, to not engage in sex and so on and on. In other words, there are certain things one is supposed to

do which are of virtue for a variety of reasons, but the common variable they share is that they pull us in directions that are counter to where the pleasure principle pushes us.

Our nature is to be conflicted between these two 'utilities.' Much of what we do reflects this inevitable tension between things we would like to do and things we ought to do. Many empirical observations support this generalization. Let's start with the question of why people vote. Economists find it surprising that people vote; such behaviour doesn't fit the standard economic model. Individuals are expected to do things for a return, for profit or for some other form of benefit. When one votes, one cannot reasonably expect that the vote will make a difference. So the question economists ask is: why do people expend the time standing in line and lose leisure or work time, when there will be no specific outcome for the person?

For a socio-economist, this behaviour is not puzzling. The number one variable that explains the difference between people who vote and those who don't is the sense of civic duty. Those people who do, feel they have an obligation to vote. To them, it is the right thing to do. Those who have this sense are much more likely to vote than those who don't have such a sense (Barry, 1978). This is not to suggest that the length of lines, the weather, etc. don't make a difference; they do affect the 'costs' of voting and do affect behaviour. But the number one factor explaining the variance is the relative strength of the person's sense of civic duty.

Another illustration. If people were to act only to maximize their pleasure, those who smoke would vote against taxes on cigarettes, and those who do not would favour these taxes. The fact, though, is that there are a large number of smokers who vote *for* taxes on cigarettes, because they feel they are damaging the public and ought to do something to compensate for that. And there are a fair number of non-smokers who vote *against* these taxes because they are

libertarians, or they feel the government should not interfere. A study found that individuals told that conserving energy during peak demand periods would be good for the community were likely to lower their electricity use during such periods, if they felt that households as a group could make a difference [J.S. Black (1978) 'Attitudinal, Normative, and Economic Factors in Early Response to Energy-Use Field Experiment', unpublished doctoral dissertation, Department of Sociology, University of Wisconsin]. People's moral concepts, their social philosophies are not the only factors used to make decisions, but they are important ones for understanding their social political economic behaviour.

One last example: neoclassical economists try to explain why people–most people–with spouses who have Alzheimer's disease stay with them. These economists treat marriage as an economic contract, in which an exchange of services takes place for income and services. But with Alzheimer's disease, there is no payback because there's no reasonable hope that the person who is afflicted will recover and take care of the other person. One may say that the treating spouse does so because of the kudos he or she will receive from members of their extended family and neighbours and friends. However, tending to an Alzheimer's patient day in and day out is so taxing that all the kudos in the world could not make up for it. And finally, economists use the notion of psychic income. But again, that explanation fails because the afflicted person does not respond with a warm appreciation for the service; indeed, they become ever more abusive as time goes on. So why do most spouses not walk out on their afflicted husband or wife? When one interviews these people, one repeatedly hears the statement that 'this is the right thing to do'; the same sentiment is found in Roberta Simmons' studies of kidney donations

(1977). People have a strong moral commitment, a powerful factor which outweighs the pain they have to endure.

My thesis is not that values drive behaviour, but that there is a continual conflict and tension between self-interest and the pleasure principle on one hand, and powerful moral commitments on the other. It follows that socio-economists would benefit if they took as their starting hypothesis that people are conflicted, and then tried to understand their inconsistencies and tendencies to zigzag as resulting from their being subject to these two competing super-utilities.

To suggest that evidence shows that social and moral values play an important role in human behaviour in general, economic behaviour included, is not to suggest that these values are given. They themselves are subject to social processes, for instance moral dialogues, that lead to them being constantly reconsidered and reformulated, sometimes to break down and be replaced by others. Indeed, among the factors that promote reconsideration of values are economic factors. But even Marx did not claim that values simply reflect technological and economic factors, that they have no independent variance and effect of their own.

5. The socio-economic mind

No theory of human behaviour can be developed without a core assumption about the intellectual capabilities of the person. I suggest that our deliberations use as their starting point the key observation that people are poor processors of information–just the opposite of what used to be the neoclassical economists' assumption that information flows instantaneously and is absorbed instantaneously, all without any costs. The economists wisely retreated from these assumptions, and they now recognize that information is not immediately absorbed and the

process has costs. In this and several other contexts they refer to ‘imperfect’ systems. This is a tricky concept that is inadvertently misleading. The term implies that there is a speck of dust on the perfect scale. Actually, people’s limits on information processing are much larger. Indeed, strong evidence shows that people start with little knowledge and that they are slow and poor learners.

A simple case in point: every day millions of people all over the world call their brokers and either ask their advice on which stock to purchase or order them to buy one, on the assumption that these individual investors could beat the market averages. (Otherwise they would buy index funds and save costs.) However, there is strong, consistent, robust data to show this is an irrational act; one cannot consistently out-perform the market. Moreover, brokers have a conflict of interest with the callers; brokers benefit from high turnovers in the accounts, while investors benefit from low turnover and low transaction costs. Moreover, despite the fact that studies supporting the use of index funds rather than brokers have been repeatedly publicized in the popular press, in classrooms, and on television, millions persist in such untutored behaviour.

6. Next steps: first approximation, scientific discourse and core building

Where might we go from here as a discipline? We should draft a small number of core assumptions and hypotheses of the kind I have illustrated in the previous pages and in *The Moral Dimension* (summarized in the table below). In doing so we ought not seek definitive statements but first approximations. One reason socio-economics has been slower to develop than it might have otherwise been is that we have been seeking a higher level of precision or closure than is possible or necessary at this stage.

One example: a socio-economist may well consider the observation that *behaviour (including choices) is more group than individually determined* as either too obvious to be included in our set of core assumptions or too general to deserve to be noted. A solid socio-economist may well wish to first ask: is there not more than one group that influences the same individual? How much of the variance does each group determine? Under what conditions does this determination increase versus subside? All these are valid, but second-order, specifications. We should not belittle the importance of simple first approximations because they clearly differentiate socio-economics from neoclassical economics and, above all, because they provide a theoretical home for thousands of much more specific observations (e.g. the way people vote, what they consume, which media they are exposed to, and much else, is largely determined not by their individual choices but by the social groups to which they belong).

Moreover, as preliminary and elementary as these observations are, they point to numerous policy recommendations as to how to reach people when we seek to change their behaviour. One example: if one seeks to curb alcoholism, the principle that the group is pivotal and that people chose largely within and with their group leads one to see that policies that are group-centred work much better (as Alcoholics Anonymous does) than those that try to directly reach the individual through ads, one-on-one rehab, etc. I am not suggesting that we should forego specifying such core observations along the suggested and other lines, but we would do well to start now by formulating a set of first approximation core assumptions to make up our shared disciplinary core.

To make it shared, we should–once such a core is drafted–submit its assumptions to intensive and extensive scientific discourse among our members. In the process we may find

these core assumptions need to be revised, that some of our colleagues need to be persuaded of their merit, and that they elicit still other ones. Assuming that a core of such assumptions could survive such scrutiny, we would have the beginning of a shared core for socio-economics, which would then be a shared discipline and not merely as association of colleagues interested basically in the same part of the universe. This core would then nurture our teaching, meetings and future work. The following (taken from *The Moral Dimension*) are mean as dialogue starters, not as established principles.

7. Core principles for a socio-economic paradigm

The following much revised list is culled from *The Moral Dimension*. It does not provide the core of principles we need, but is presented to stimulate further discussion leading to such a core.

Box 1 Core principles for a socio-economic paradigm

1. People have divided selves, part pleasure-driven and part morally committed.

i. Actors pursue two or more goals (utilities): seek pleasure (and hence self-interest), and seek to abide by their moral commitments. They are internally conflicted and hence tend to pursue a nonlinear course.
ii. The more individuals act under the influence of moral commitments, the more they are expected to persevere (when circumstances change). Conversely, the more individuals heed their pleasures or self-interest, the less likely they are to persevere.
iii. Moral commitments stretch out the learning curve.
iv. Moral commitments lower the transaction costs.
v. When people violate their moral commitments to enhance their pleasures, such violations activate various defensive mechanisms before, during and after the violation, and these have specific behavioural consequences.
vi. Violations of moral commitments cause guilt that leads, among other consequences, to compensatory pro-social behaviour.
vii. Conflicts between pleasure motives and moral commitments are a major source of dissonance, leading to inaction and/or denial.
viii. Conflicts between pleasure valuations and moral valuations result in inter-psychic stress, leading to the diminished capacity of the actor to render rational decisions.

xi. Choices that are relatively heavily loaded with moral considerations, including many economic choices, are expected to be unusually difficult to reverse (are asymmetrical), to be very 'lumpy' (or highly discontinuous), and to reveal a high 'notch' effect.
x. When moral commitments are prominent they generate non-markets in some areas ('blocked exchanges'), e.g. in constitutional rights, and poor markets in others, e.g. in adoption.

2. People have limited intellectual capabilities.

They are poor processors of information and are defective decision makers. Actors' choices of means are largely based on values and emotions. To the extent that they draw on logic and evidence, their limited intellectual capabilities lead the actors to typically render sub-rational decisions.

i. Most choices are made without the processing of information, drawing of inferences, or deliberations, i.e., they are not decisions.
ii. Most choices (whether deliberative or not) are made to a significant extent on the bases of values/emotions. (Not just the selection of goals but also of means.)
iii. Values/emotions either fully form many choices, or set a context that limits the range of those options that are considered.
iv. Values/emotions affect deliberations of those options that are considered by 'loading' options with non-empirical, non-logical weights.
v. Values/emotions interrupt deliberations, preventing completion of reasoned decision-making sequences.
vi. Values/emotions legitimate some subareas as those in which logical/empirical choices are mandated, i.e. the extent to which decision-making strives to be rational is deeply affected by values/emotions.
vii. Choices made on the basis of values/emotions are not necessarily inefficient.
viii. Knowledge plays a limited role in most decisions.
ix. Even when knowledge is extensively used, such decisions are inefficient as compared to the results objective observers find could be reached.

3. The social system.

i. Individual (I) and collectivity (We) are both essential elements and have the same basic conceptual and moral standing.
ii. The I & We is in a perpetual, but in part creative, conflict.
iii. While individuals shape the social entities of which they are members, and these groups and communities shape individuals, each individual on his or her own, is more socially determined than determining.

iv. Many kinds of decisions are, on average, made more efficiently by organizational units of collectivities (such as executive boards of firms) than by individuals.
v. The scope and level of innovation is in part collectively determined: the lower the culture ranks economic goals, productivity, efficiency, technology and science and the higher it ranks social cohesion, stability and religion, the lower the scope and level of innovation.

4. Market as sub-system; society as system

i. The scope of the transactions organized by the market is largely determined by the social capsule.
ii. Competition is not *self*-sustaining. Its very existence, and the scope of transactions organized by it, depend to a significant extent on the attributes of the societal capsule within which it takes place; i.e. it is to a significant extent externally determined.
iii. The divergent interests and pursuits of actors in the market do not automatically mesh to form a harmonious whole; i.e. specific mechanisms are needed to keep competition (as contained conflict) from escalating into all-out conflict. Unregulated competition will self-destruct.
iv. The strength of the capsule is determined by the strength of the moral legitimacy it commands; by the intensity of the social bonds that competitors share; and by the relative power of the government compared with those in the market.
v. Three mechanisms substitute for one another. Up to a point, each has its own role; at the same time, they affect one another and not just the capsule.
vi. The relationship between social bonds and competition is curvilinear; weak bonds are one factor that allows for all-out conflict; tight bonds will restrain, if not suppress, competition. Bonds of intermediate strength are most compatible with competition.
vii. Governments sustain competition to the extent they are the ultimate defender of rules and prevent violence; they undermine competition when they seek to determine the outcomes of competitions.

5. Social structure.

i. There are no transactions among equals. Power is the source of structure. (Large corporations often lord over smaller ones; stronger corporations take over weaker ones, despite their opposition. Labour unions are weaker than corporations or industrial associations in some countries and in some industries, and stronger in others and so on.)
ii. The price of an item reflects its costs, and the relative economic and political power of producers (providers, sellers, etc.) as compared to users (buyers, etc.) and other parties (government regulators, consumer unions, farm lobbies, etc.). In short, cost + power = price.

iii. The capsule is maintained to the extent that economic power is dispersed or prevented from concentrating, or economic power is being prevented from conversion into political power. The more economic power is segregated from political power, whatever its level of concentration, the higher the probability that the capsule will survive and be effective.
iv. Structures able to limit the *political* power of economic competitors are as important to sustaining competition as is preventing a large concentration of economic power.
v. Manipulation of the government by powerful economic actors generates pseudo-concentration effect (comparable to that caused by the concentration of economic power, without there being any such concentration or collusion among economic actors).

6. Methodological positions (interdisciplinary)

i. Two kinds of forces affect the social realm as they affect one another. Specifically, deontological conceptions set the context within which utilitarian orientations–pleasure, self-interest, and rationality–are operative.
ii. Changes in behaviour (such as amount saved, level of effort at work, extent to which taxes due are paid) reflect in part changes in preferences and in part changes in constraints. Value changes affect *both* preferences and constraints, but especially preferences. Changes in market forces affect both preferences and constraints, but especially constraints.
iii. Socio-economics is to rely more on induction, less on deduction than neoclassical economics.
iv. Parsimony is to be sacrificed to a limited extent in order to expand the scope of the variables covered (especially social, psychic, and political) and to explain more of the variance of the behaviour under study.
v. Tautologies must be avoided.

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