

# **Title: Can Economics Avoid a Theory of Social Goods and Community?**

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## **Abstract**

Economics traditionally concerned itself with markets (the economic realm), as well as with government policy concerning markets (the political realm), while the social realm, community, was “taken as given” (usually implicitly). Is it time to confront community head on? Should economists care about community?

We are told that economics is the science which analyzes alternative means of obtaining utility through scarce means. But certainly we get utility from identification in communities (e.g., when people choose to die for a cause, they reveal a preference for identification in a community from which they must derive utility). And certainly the “goods” which provide that utility (e.g., love and friendship) are scarce, as are the means for maintaining the sources of the goods, “caring behavior” in communities.

In “general equilibrium theory” we talk about “universal markets” or “complete contracting”, and we use the theory to draw conclusions about “social welfare”. But nowhere to be seen are true social institutions, such as families, neighborhoods, and religious groups. We make a pretense of axiomatizing all the assumptions and analyzing their variations and consequences in infinite detail, and yet the fact that the goods (services) which communities provide are not included in the analysis (presumably because they are non-marketable) is not even mentioned. When and why did they get left out?

Is it that communities and their goods and values are so obviously separable from “economic” concerns that they don’t need to be mentioned, though every other detail of the analysis seems to require delicate formalization and infinite elaboration? Or is it that economic theory has been willfully blind?

The skeptical observer gets a damaging impression of ideological bias. No wonder that many religious leaders, as well as much of the general public, hold economic theory in low esteem. The risk is that the good which markets (and even mainstream economic theory) can do also suffers thereby.

To understand how communities relate to markets and economic theory, we will need to explore the present state of communities and the motivation which creates them. For example, is identification in and effort devoted to communities “rational”?