



World Scientific News

WSN 37 (2016) 114-152

EISSN 2392-2192

Economic Imperialism

Jacek Tittenbrun

Chair of History of Sociology, Department of Sociology of Social Differentiation,
Faculty of Social Sciences, Adam Mickiewicz University, Wieniawskiego 1, Poznań, Poland
Telephone: +48 61 2977510

E-mail address: jacek@amu.edu.pl

ABSTRACT

One of the salient trends in the social sciences in recent years has been economics' colonialism of other social sciences. At the outset of the present article a widespread thesis considering economics to be the "queen" of all social sciences is presented and some epistemic reasons cited on its behalf critically evaluated. The bulk of the body of the paper is devoted to an in-depth analysis of two influential theories epitomising the aforementioned paradigm: George C. Homan' theory of social exchange was the precursor to most now current rational choice approaches. To an even grater extent, the tendency toward transferring concepts and laws of economics onto the various non-economic areas of social life has been from the very outset present in the theory of economic behaviour developed by the Nobel winner, Gary Becker. Both above-mentioned approaches are grounded in the notion of economic man, which prompts a more comprehensive examination of this concept of rational utility maximiser being postulated as the underlying foundation for not only economics but also for other social sciences. The upshot of that analysis is not encouraging; neither of the components to the notion of homo economicus can withstand critical scrutiny. More broadly, the same refers to the entire idea of economics as purportedly core or root social science from which all others should be derived or at least borrow their concepts, propositions and approaches. In the light of our critical analysis, economic or economics imperialism should be discarded once for all.

Keywords: neo-classical economics; theory of social exchange; rational choice; Gary Becker; homo economicus

INTRODUCTION

The salience of an expansionist tendency of economics toward other social sciences may prompt one to consider what is called ‘economic or economics imperialism’ in rather more detail. The latter substitute has been used by some in order to avoid a mistaking the methodological approach for a similarly called real-world process of huge not only economic, but also political and social ramifications. However, once the duality in question is acknowledged, there seems neither reason nor need for rejecting the term ‘economic imperialism’, which is far more common in the literature, after all.

THE QUEEN SCIENCE?

In the light of the following triumphalist proclamation of a vigorous proponent of economic imperialism, the above-cited phrase “economics and other social sciences” would have to be substantially corrected, as the economist in question apparently does not treat his own discipline on a par with sociology, political science, and so on. On the contrary, he boasts: “Economics is not only a social science, it is a genuine science. Like the physical sciences, economics uses a methodology that produces refutable implications and tests these implications using solid statistical techniques. In particular, economics stresses three factors that distinguish it from other social sciences. Economists use the construct of rational individuals who engage in maximizing behaviour. Economic models adhere strictly to the importance of equilibrium as part of any theory. Finally, a focus on efficiency leads economists to ask questions that other social sciences ignore. These ingredients have allowed economics to invade intellectual territory that was previously deemed to be outside the discipline’s realm” (Lazear 2000).

Lazear, just like Becker and a number of other economists, is thus proud of the label ‘economic imperialism’, which he views as a natural outgrowth of this discipline’s alleged methodological and epistemological superiority: “The power of economics lies in its rigour. Economics is scientific; it follows the scientific method of stating a formal refutable theory, and revising the theory based on the evidence. Economics succeeds where other social sciences fail because economists are willing to abstract” (Lazear 2000: 102).

Lazear’s hubris is largely unfounded; “The The claim that economics is ‘scientific’ since it ‘follows the scientific method’ involving formulating ‘refutable’ theories is an anachronism: most philosophers and other students of science have long ago pointed out major problems in the project of characterizing ‘the scientific’” (Mäki 2008: 8).

Even Lazear himself (2000: 103) admits that “the weakness of economics is that to be rigorous, simplifying assumptions must be made that constrain the analysis and narrow the focus of the researcher. It is for this reason that the broader-thinking sociologists, anthropologists, and perhaps psychologists may be better at identifying issues, but worse at providing answers ... much can be learned from other social scientists who observe phenomena that we often overlook. But the parsimony of our method and ability to provide specific, well-reasoned answers gives us a major advantage in analysis”.

However, this supposed advantage seems to be based on a serious misunderstanding. “The statement appears to appeal to the higher authority of science by misrepresenting it according to an antiquarian school-book image” (Mäki 2008: 28).

To add insult to injury, methodological studies on economics have shown that stringent refutability is hard to find in economic theories (cf. e.g., Blaug 1980) and relatedly -that the notion of ‘revising the theory based on the evidence’ simplifies a complex issue to the point of distortion of what happens when theory and evidence meet (cf. e.g., Hands 1993). There is even more to this than that, as testing is plagued with a particularly serious form of the Duhem-Quine problem. “Since every test involves a large number of uncontrolled auxiliary assumptions, the test outcome will never be a conclusive refutation of the target hypothesis. There is a lot of room for maneuver in adjusting such assumptions so as to yield a desired outcome” (Mäki 2008: 28).. Indeed, critics of imperialistic practice argue that much of it is based on ad hoc moves of introducing empirically unwarranted auxiliary assumptions with the purpose of ensuring that the model fits with the data (cf. e.g., Udéhn 1992; Green and Shapiro 1994; Blaug 1980, 242f).

For instance, rational choice theory holds that economic (and other, for that matter) actors try to maximise utility regardless of ethical considerations (Thaler, 1994) by engaging in a sort of Machiavellianism as a set of “behaviors that involve manipulating others in one’s own interest and at cost to others” (Bowles, Gintis and Osborne, 2001). Theory of social exchange has a problem because on the one hand it adopts the aforementioned framework, but on the other its unrealistic character is glaringly clear. So, as a way of relaxing this neo-Machiavellian hypothesis, it introduces its own rule of distributive justice or fairness (Molm, Peterson, and Takahashi, 2003) as just an admittedly ad hoc hypothesis (Coleman, 1988) serving to mitigate the failure of the core rational-choice premise of reckless (“consistent”) pursuit of self-interest.

In point of fact, however, such and other similar flaws are rule rather than exception, as the following analysis of Homans’ theory of social exchange amply demonstrates. This is significant insofar as it reveals problems inevitably brought about by what The early twentieth century Polish philosopher of science Leon Petrazycki termed “the leaping concept” as one which is over-inclusive, too broad in scope, which fits the case of misapplication of economic concepts far beyond their natural domain.

ECONOMICS AND SOCIOLOGY IN THE THEORY OF SOCIAL EXCHANGE

Contrary to the accepted wisdom, it is not the most widely known proponent of economic imperialism, i.e. Gary S. Becker, who was at the same time the first to develop an analytical framework that could be so labelled.

It will be seen that the following account fits the analytical framework under investigation: “Such an economistic-behaviorist” conceptualization of social action and society involves “omnipotent (in terms of scope) market concepts, such as exchange or rational choice [...] these theories tend to apply market laws and reasoning to all social domains, thus trying to create a sort of imperial Benthamite social science” (Lewin, 1996: 1299).

The exchange approach in sociology is described as the “economic analysis of noneconomic social situations” (Emerson, 1976: 336).

"Social behavior is an exchange of goods, material goods but also non-material ones, such as the symbols of approval or prestige. Persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them.

This process of influence tends to work out at equilibrium to a balance in the exchanges. For a person in an exchange, what he gives may be a cost to him, just as what he gets may be a reward, and his behavior changes less as the difference of the two, profit, tends to a maximum" (1958:606).

General psychological principles that Homans could deductively apply in explaining the basic social situation—in which the actions of each of at least two persons reward or punish the actions of the other—were already available to him in the writings of his long-time friend and Harvard colleague, B.F. Skinner. Homans, therefore, adopted Skinner's behavioural psychology, along with a few basic ideas from marginal utility theory in microeconomics, and put forth a systematic set of five general propositions about elementary social behaviour grounded in notions of reward and punishment, deprivation and satiation, cost and profit, aggression and approval. This theory posits that all human relationships are formed by the use of a subjective cost-benefit analysis and the comparison of alternatives. For example, when a person thinks the costs of a relationship outweighs the perceived benefits, then the theory says that the person will choose to leave the relationship.

Given the overall context of our analysis, it comes as no surprise that Homans's ambition was to create a more unified social science on a firm methodological basis. The latter was to be secured by the view-drawn on neo-positivism-that theory should be expressed as a deductive system.

The explanation, or otherwise - the creation of a theory of the phenomenon consists in, according to Homans the formulation of a "deductive system, i.e. such that explicandum (what is explained - with a general form of "a claim that adjudicates the relationship between at least two features of the reality") is a logical consequence can be logically derived from other, more general premises of the system"(Homans, 1961: 51, 1974: 8). Let us begin, therefore, in accordance with previous assumptions, our analysis of the theory of exchange by an attempt (to measure it with its own, that is to say, acknowledged by the author himself measure.

Proposition (1): "If in the past, the occurrence of a particular stimulus situation (in the issue of Social Behaviour from 1974 this was simply called a "stimulus" or a set of "stimuli") was associated with an reward, then the more closely the stimulus situation resembles the situation from the past, the more likely it is that the same or similar action will occur" (Homans, 1961: 53).

In the revised edition of the book it was called:

The Stimulus Proposition: If in the past the occurrence of a particular stimulus, or set of stimuli, has been the occasion on which a person's action has been rewarded, then the more similar the present stimuli are to the past ones, the more likely the person is to perform the action, or some similar action, now (Homans 1974: 22-23).

The Value Proposition: The more valuable to a person is the result of his action, the more likely he is to perform the action. (Homans 1974: 25).

One can see immediately that the key concept in the preceding sentence is the concept of the stimulus, or "stimulus situations", and (similarities existing between the two such situations that the observer must be able to determine if the Homans statement is to have postulated explanatory power. Meanwhile, the fact of the matter is, Homans gives no rules that could be used to determine the similarities between two sets of stimuli (ie typically associated with obtaining reward factors), what's more, he does not say anything about how to distinguish a stimulus from what is not a stimulus. He admits himself that the problem of

(isolating) distinguishing stimuli, determining the similarities and differences between them "can be extremely complicated "and lack of its clear solution on his part he considers a "great gap" in the whole concept.

The way out that he suggests is highly unsatisfactory, and in a sense only worsens the situation, as it reveals-as we shall see-an important trait of the theory of Homans as a whole. The author of *Social Behaviour* suggests namely, that in the case when "the same kind of action is repeated, one should virtually take stimuli for granted and explain changes in behaviour through looking at the way in which it is enhanced "(Homans, 1961: 54).

If we called attention to this sentence, it is because it reveals circularity of the "first law of exchange theory." Without having criteria for the determination of the similarity between the two stimuli situations, as well as any definition of reward that is independent from the proposition, we are forced - when using this "law" - to reverse the order of parts occurring in it, and hence, to deprive it of- the status of "general behaviour law." The "explanation" that we are able to, using Homans assertion, able to provide, is a typical example of ex post facto explanation: we observe the occurrence of a behaviour and we conclude that in that case it must have been rewarded in the past in some respect - under similar conditions (although the "law" would require us to do the opposite - on the basis of the fact of "reward" to determine the likelihood of an occurrence of a behaviour). We have to-not being able to say with confidence that the current situation "is similar" to the former, nor to distinguish what, in this situation is the reward from what is not- to accept without any proof that the behaviour "which is more likely in the situation" and behaviour, which is referred to in the first part of the theorem, involving the occurrence of "stimulus" and the reward is one and the same behaviour.

The above example provides evidence of the dangers linked with the direct takeover by a researcher of human behaviour of conclusions and methods of animal psychology. Experimenter from the study of the pigeon invoked by Homans could in fact relatively easily solve all difficulties encountered by his findings having been transferred into human reality. In artificial conditions isolated from all external influences, one can actually get a similarity of "stimulus situations"- for example, by extracting a bell as a stimulus, which resounds with each peck of the pigeon at the target.

Similarly, knowing that the dove before the experiment was not fed for a long time, it is easy to conclude that nothing other than "reduction of hunger", obtaining food will be a reward for the animal. Of course, in the real world such situations - attainable in the laboratory - do not happen at all or very seldom, which, naturally, undermines the value of reasoning, which rejects the latter truth. The same reservations can be addressed towards the second argument presented by Homans:

Proposition (2): "The more frequently within a given time segment, human activity rewards an action of the other, the more frequently the other will emit rewarded action "(Homans, 1961: 54).

This contention is also known as:

The Success Proposition: For all actions taken by persons, the more often a particular action of a person is rewarded, the more likely the person is to perform that action (Homans 1974: 16).

Also here the only indicator of "rewarding" properties of behaviour of one person to another is the fact of taking actions by the latter, which, as it is assumed, are to be the result of this positive stimulation. Here, too, the order of reasoning is the opposite than assumed by the

Homans "law" and involving the researcher in a "vicious circle"; it is said that the person B manifests certain behaviours, those that met with the reward from the person A, but wanting to show the fact of being actions of the person A a reward for the person B, may be given as the only evidence that B "emits" these behaviours. S. Nowak has a similar opinion, writing that with relevant theories of learning "the meaning of the term reward, law with strengthening the role of rewards is a definitional tautology... basically, empirically empty" (1970: 200-2).

The notion of "frequency" presents somewhat similar problems, all the more important owing to its key significance in the theory of social exchange-"it constitutes a measure of amount of action."

The possibility of measurement carried out with it assumes however, which Homans recognizes, the existence of "units of action, that can be counted" (Homans, 1961: 36). Whereas in the case of the pigeon the indication of such unit ("pecks") was not a complicated matter, the author admits, that "in the case of human actions, the isolation of units, and hence calculation of frequency can not be so easy" (Homans, 1974b: 18). . In the face of explanatory and deductive ambitions of Homans the solution that he proposes in this situation may surprise: "methodological liberalism" tantamount to ... the absence of rules in this area. Homans appears to be saying: "Anything goes"; any method of choice of "action units" is appropriate, on condition that it is suitable; one can recognize, however, that it is suitable on the basis of Homans methodology probably only in one way only... indicating that it is appropriate, revealing both circular and arbitrary nature of the argument involved.

The next assertion, called in the revised version of the work: the Value Proposition, which holds that „the more valuable to a person is the result of his action, the more likely he is to perform the action”. (Homans 1974: 25), And in the first edition:

Proposition (3): to the effect that "The more valuable to the human the action unit, which is given to him by the second, the more often he will emit activity rewarded by the action of the other" (Homans, 1961: 55) (e.g.: the more someone needs help, the more often he will ask for it, and the more thanks - constituting a reward for the other - he will give upon its receipt). In the view of Homans, This proposition is supposed to reinforce very much the explanatory power of the whole theory, because in conjunction with the proposition (2) it will allow to measure the "rate of exchange" between the two activities (aimed to be an equivalent of price in the economy as defining the number of units of a particular product, which can be exchanged for a given number of units of other goods) and to determine the proportion in which amounts of "emitted units of action" remain towards each other. "The rate of exchange" Homans defines as "the number of units of action that a person emits in each limited period of time in exchange for a certain number of units issued by the other person."

The author hastens to demonstrate the practical utility of his law, argues that "in pursuance thereof, the rate of exchange between the approval and help should be equal to the ratio between the value imparted by the person to help and the value that the other person gives to approval (Homans, 1961: 55). What is Homans solution to the issue of isolation of "units of action" that are in question? In point of fact, in both cases the author proposes to use "minutes": both in terms of approval and support; the circumstance that "a minute of help" can mean something completely different than "a minute of approval" (and that help may take many different forms and approval –express a variety of meanings) is not an obstacle for him to bring both of these "actions" to one common denominator. The possibility to set any "equivalence, equality" and "proportionality" of which the statement talks, however, assumes

as a prerequisite the possibility of an independent measurement, and thus determining units occurring therein. Meanwhile, the status of the concept of "value" is represented in the theory of Homans analogically to the definition (or rather lack thereof) of "reward": one cannot - contrary to the postulate of Homans - explain by this concept (understood by the author as "the degree of strengthening (or punishment that man obtains from a given unit of action" (Homans, 1961: 40)) account for the fact of taking such and such actions by the individual, because the sole proof that the value is a factor motivating her is the observation of these same behaviours that are to be explained by it and not be used as a basis for inference of its existence. (Compare examples of Homans:

"Our only way to measure the relative value of milk and tea for the Chinese is to observe whether he will perform more work to obtain one of these things than to have the other" (Homans, 1964: 955) The way of measuring "factors in the "law" is just another way of expressing the contents of the law¹. The concept of value is on the basis of the theory of Homans among the most ambiguous. In the quoted formulation, it still has behavioural connotation. Soon, however, 'value' appears as the "psychological value" (p. 62) and as noted by Ossowski, Homans "resigns from behaviourist purism" (1967: 346). This same example can be found in *Social Behaviour* in the form of a syllogism:

The greater value the result of an action has for a person the more likely that he will perform this action.

For the Chinese tea has more value than milk.

Therefore, it is more likely that the Chinese will take an action that results in getting tea rather than getting milk" (*Social ...*, 1974: 36); the premise of this syllogism is a slightly modified form of our Proposition (3).

According to Homans, anything can have a value for the human, (1961: 45, 79, 287, 1944: 27, 270), as everything can be for him (a reward (the value is always "the value of reward" - or negative reward, ie.g. penalty). Yet we know that if something is supposed to explain everything then as a result, it explains nothing, and such a role, the pseudo explanatory concepts is actually performed by these and other categories of his theory. Since the concept of value (reward) does not contain any concrete empirical content, then its incorporation into a theoretical proposition does not enhance its explanatory value or makes it only seemingly explanatory, since one can always say that something is a "reward" or a "value" and there is no way that this sentence can be verified.

Here's one example of essentially tautological nature of the whole theory of exchange. Homans explains the phenomenon of a group conformism in the following way: "Suppose a person A is a man who considers it valuable that his behaviour is subordinated to a group norm and that person B's behaviour is also subordinated to it. If the person B considers the same values as the person, A, so the conformity of each of them is the value for the other, then the person A rewards the person B and the person B rewards the person A to a more or

¹ Homans postulates, in order to come out of the trap, return to "history" of an individual in order to know its value. But, of course, this only moves the problem back on a different level for a while, without removing the difficulty - we are still entangled in the circular argument: "the greater value - for example - help has for one person, the more he will take action rewarded by help (*Social. ...* : 1943) either in its current or past version. It may be mentioned that also Skidmore draws attention to that fact 1975: 35), and Talcott Parsons points out that "history becomes for Homans a final residual category, escape to which can resolve every difficulty which arises due to shortcomings in the more specific parts of the conceptual scheme ...he makes history very extensive and very laden residual category, as history is not analyzed here, but taken as given" (Turk 1971: 34).

less the same extent. The exchange between the two is in a state of equilibrium" (Homans, 1961: 116).

In the second edition of *Social Behaviour* Homans admits that the proposition in which there is the concept of value is a tautology (he motivates the persistence of this concept with its didactic usefulness: 36), he also withdraws from the former thesis anticipating the possibility of comparison the values (ibidem, v.: 74). But what if instead of "person B" there will be a "person C", who will not want to submit to the norms prevailing in the group? Well, no problem, the theorist responds: the person C "sufficiently strongly praises actions inconsistent with conformism." In other words - someone submits, this means the person appreciates the subordination, if someone does not comply - no hassle - he or she does not appreciate subordination. Figurative sense of Homans' notion of value and based on it "third law of exchange" is also shown clearly by the case of the application of them not to the phenomena of small groups, but historical events. The author of "*Social Behaviour*" explains why William the Conqueror never conquered Scotland with the following inference schema: 1 The greater value a reward has for an individual, the more likely it is that the individual will take an action to obtain the reward (this is a version of Proposition (3).

In the circumstances, William the Conqueror (specific individual) did not consider the conquest of Scotland, for something of value thus, it was unlikely that he would take action to Conquer Scotland (Homans, 1967: 44).

Thanks to the fact that it includes the said "law", this pattern meets, according to Homans, the scientific standards "and is a " real explanation ", but the same standards of science do not allow to consider as "real " the circular explanation, and this is exactly what we are dealing with in this case . The author in fact has no evidence that the conquest of Scotland constituted no value to William the Conqueror, except only that he did not conquer Scotland (and therefore the fact that was to be explained itself), "Law" used as the main link of the explanation turns out to be nothing less than tautology, since the value of the reward and the associated action are in fact only verbally different conclusions from the same empirical state of affairs (lack of conquest of Scotland by William).

The same rules are applied, subject hence to the same criticism, by Homans in explaining the conduct of his hypothetical individual - "interactor".

He gives him as a partner a person liked by him - but at the same time a person whose views he disagrees with. How to explain in this situation our hero's choice of one of the two alternatives facing him: a change of partner or changes of beliefs? Homans responds with an assertion of nature that is akin to the method described by Moliere of accounting for the fact of creating a dream through opium by the circumstance that it has hypnotic properties: "probably the person who gives more value to getting consent from another person than to reward of original exchange, will take the first opportunity and will break the initial exchange... . meanwhile the person for whom the value of the initial exchange outweighs the expense of giving up his opinion, is likely to adopt the second option and will change his mind in the direction of the consent with the partner" (Homans, 1974b: 62).

However, even assuming the solution of all the difficulties inherent in the concept of "value" as a category empirically explanatory – one might wonder whether the law (3) of Homans used in the above "deductive system" as a means purportedly augmenting its cognitive power does add anything to the understanding of the proceedings of our ruler?

Homans' notion of scientific explanation comes from "these positivist traditions described by Ossowski as such according to which "the explanation consists in indicating the

general proposition, which is a logical premise for sentences claiming the occurrence of specific phenomena. In the plain language, explanation would consist in the conclusion that this always happens. "

One should also agree with Ossowski, when he states that "the relationship between the phenomena does not always become clearer when the general proposition is put forth, one which is a logical reason for given specific sentences" (Ossowski, 1967: 265). The programme of deductive explanation in Homans' version is an explicit opting on the side of ahistorical position, understood as the explanation of certain social concretes by indication that they are merely a variation of some general universally applicable category or a universal transhistorical law.

Some further features of Homans' approach to the scientific theory are revealed when the next of the "laws" of exchange is taken into account:

Proposition (4): "The more frequently in the recent past a man received rewarding actions from the other, the less valuable each subsequent unit of this action becomes for him and, therefore, Homans adds, "by the power of the Proposition (3), the less he will emit an action that brings him the reward" (Homans, 1961: 55). It is enough to compare this sentence with the proposition (2) to see that they state greatly conflicting dependencies: once the reward is to cause an increase in the frequency of behaviour (proposition 2)), once, on the contrary, its decrease (proposition (4)). Now truly the theory of exchange has gained an almost unprecedented universalism: there is simply no fact that could undermine it, and there is no phenomenon that it could not "explain". Homans, indeed, sees this contradiction, saying that the "proposition (4) may mask the truth of the proposition (2) ... this proposition is valid only when all other conditions are equal; among those other conditions is the effect of proposition (4) that saturation reduces the degree of emission of action." he further points out that "in the case of a pigeon living in its natural state there lacks an experimental control to separate effects (judged by these two propositions) (Homans, 1961: 55, 21). It goes without saying that if one cannot accomplish that separation in the case of a caged pigeon, then this is still more the case for people living and acting within a complex web of societal relations; correspondingly, a social scientist is left free to choose a proposition "matching" the observed state of affairs, "explaining" transforms into explanation constructed ad hoc. The theory of Homans is therefore subject to the full extent of Ossowski's critical remark, that once fashionable phrase *ceteris paribus* deprives the general theory of empirical risk and the empirical utility "(Ossowski, 1967: 328).

At the same time, thanks to the above comments, we have arrived at a general and characteristic feature of Homans' way of theorizing: for almost every state of affairs, to which the theory of exchange refers, for each relationship stated by it, you can without much difficulty find a counterexample, opposite state of affairs or opposite relationship (in many cases, moreover, the author himself helps the reader). In the second part of his book, Homans cites a number of studies and experiments that, in his view, prove the relevance of the assumptions of the theory of exchange and demonstrate their usefulness for understanding of such or other phenomena or social processes.

This practical test turns out however to be the evidence of infertility of the conception. It shows that the theory of Homans does not meet the requirements imposed on it by the author himself, according to whom in any truly scientific explanation there "must be claims for which acceptance or rejection empirical facts, or figures are relevant as well as observations and evidence "(Homans, 1974b: 8).

Meanwhile, the above as well as the previously cited examples illustrate, among others, the fact that the theory of social exchange, contrary to a well-known Popper's criterion of science, is virtually irrefutable, since, as confirming it, there are facts that are a direct negation of each other. The results of some U.S. research on employee groups and youth groups are interpreted by Homans as consistent with the proposition which is a consequence of the fundamental axioms of the theory of exchange, according to which "the higher the esteem that a specific member of the group enjoys, the more frequent are interactions taken against him by other members" (Homans, 1961: 188, 203).

However, not only the reader's intuition, but the author himself shows that a reversed relationship is possible and probable; often high esteem creates between the esteemed person and the others barriers, reduces number of contacts. Homans will therefore say, dozens of pages further - and in accordance with the principles of the same theory, that the respected "leader of the group tends to be very often a lonely man ... his followers are willing to hold away from him" (Homans, 1961: 311). One of the theoretical conditions of the proposition describing the first of these situations is, according to Homans, an argument that "liking a person by another changes directly depending on the frequency of their interactions" (Homans, 1961: 182). But everyone could easily give hundreds of well-known examples from everyday experience, when such frequent contact with others does not engender any increase of positive feelings towards them, but leads to indifference, boredom, or negative emotions. Treated in the tradition of positivism as the prime attribute and merit of scientific claims "strict universality" in the case of the "law" above turns out to be illusory; depending on conditions, its inverse is met as often as itself. Similar is the predictive value of another Homans claim, which is to determine the relationship between the position of an individual and the nature of interactions undertaken by the individual. Well, according to the author of "Social...", a man demonstrates at the same time a "tendency to interact with people of higher status, as well as tendencies to interact with people of equal status." In order for the picture to be complete and the universality of the proposition -maximal, we may add: and also to interact with people of lower status, which might be explained, in the manner of Homans-like psychology, by pointing to the fact that it is rewarding, because it feels nice to give someone the feeling of one's superiority, to be confirmed in the sense of superiority by appropriate behaviour of the little ones. Elsewhere Homans reasons as follows: "explaining the behaviour of two people to each other, we need to know the relationship between the values and one and the values of the other. Sometimes what makes the exchange between them possible, is the difference between their values, but sometimes it is the similarity between the values of the two people that cements their relationship." As it can be clearly seen, the aforementioned statement has roughly the same value as the following prediction: "it is going to rain or it is not going to rain".

The theory of SOCIAL exchange and the COMMONSENSE knowledge or every stick has two ends. This is probably enough examples to reveal another characteristic of the "theory of social exchange." Just ask where you might encounter a similar situation: the coexistence in perfect harmony of perfectly contradictory claims, mutually exclusive theses? Of course, in the area of the so-called common sense, whose characteristic feature is eclecticism, the reconciliation of the conflicting views of fact and ideas. One of the truths of common sense would proclaim that "the absence of a loved one increases the feeling towards the person"; a proverb could be found immediately in the area of the same colloquial reason: "out of sight, out of mind".

It is apparent that the list of similar examples, and thus other adages and maxims of an entirely contrary sense that operate on the basis of common thinking would be very long indeed.

This observation of very intimate relationship of the constituent propositions of the theory of exchange with common-sense wisdom is in fact not surprising given Homans' own statements to the effect that his claims "are part of the traditional common-sense psychology," and that therefore they would "probably not be something completely unexpected, even to prehistoric man". The program of sociology, brought down to the level of folk consciousness, from which it is supposed to be different only by the degree of systematization eliminates it actually as a science, for is there any need for a science that does not go beyond the horizons of knowledge available for each layman? Is the "discovery" of Homans solemnly uttered not a commonplace cant, that "the rivalry between groups generally increases the hostility expressed by the members of one group against members of the other group" (Homans, 1961: 144)? What, beyond a quasi-scientific way of expression, does represent another "theorem", according to which "after a break in their interactions, the man who will emit the first action of the new series will be the one who recognizes the action of the other to be more valuable" (Homans, 1961: 201).

„A person with a low position does not have many friends, or a lot of enemies, whereas a person of high position has both many friends and many enemies "(Homans, 1961: 307).

Contrary to appearances, the above "word of wisdom" is not a quote from another book of folk proverbs but from a scholarly work. The real situation is even worse than that, as the foregoing discussion of the "theory of social exchange clearly shows that the kind of knowledge provided by the former not only remains within the confines of pre-scientific, everyday thinking, but it is not even able to reproduce it in its full shape, to render the real scope and richness of people's social knowledge, which cannot be brought down to a few shallow statements raised by the "vulgar sociologist"(Marx's term used by him as a tool of critique of economists offering nothing beyond the common-sense truths) to the dignity of a science. As is apparent from the above quotations the theory of exchange captures only a narrow aspect of experiences of human behaviour in society, associated with interpretation of their cost-benefit considerations.

SOCIOLOGY AND ECONOMICS

Before, however, presenting the next and the last, for that matter, Homans' proposition associated with the aforementioned notion of distributive justice, let us put forward a couple of comments regarding a broader issue of the relation of the author of „Social Behaviour" to economics. The American sociologist boasts that his, as he himself calls it, 'economic approach' [note another similarity to Becker] is one, which could bring closer the two social sciences in question, the key proof of that closeness being the fundamental premise of Homans' approach, with all its theoretical and methodological implications.

Homans, namely, reckons that both disciplines deal with goods in terms of rewards, the difference being that economics focuses on material rewards, whereas 'the general theory of exchange' is free of any such limitations. The basic fact that the two disciplines have so much in common implies, among other things, a number of analogies between the economic laws and their equivalents formulated on the grounds of the theory of social exchange.

Thus, Law Of Supply, i.e. A microeconomic law stating that, all other factors being equal, as the price of a good or service increases, the quantity of goods or services offered by suppliers increases and vice versa is, according to Homans, equivalent to the proposition that the greater the value of reward acquired thanks to a given action, the more frequently it will be performed. In turn, another microeconomic law that states that, all other factors being equal, as the price of a good or service increases, consumer demand for the good or service will decrease and vice versa, i.e. Law Of Demand is allegedly analogous to the following “theorem”: “the greater the cost implied by an action, the rarer it will be taken” (Homans, 1961: 69).

It appears that later on Homans has modified his view as to the interrelations of his theory of exchange and economics, putting stronger emphasis on the greater generality, and thus superiority of the former. The above-mentioned laws of supply and demand are, according to this new approach, not to be treated as „equivalents in the field of social sciences, (Homans, 1974a: 77), but as consequences of general laws of behavioural psychology, which constitute the general explanatory premises in the realm of human behaviour. That is another way of saying that all social sciences are provided with the most general propositions used in explaining their respective phenomena of interest by only one amongst these sciences, i. e. psychology (Homans, 1974b: 70). This degradation of economics from the role of a theoretic source to that of science essentially reducible to others clearly brings out the spurious from the beginning character of Homans’ attempt to make the categories and claims of economics an integral part of any social research, thereby recognising the relevance of the economy as a factor shaping the social life.

If one would like to conjure up the worst way of establishing the relationships of the economic structure to non-economic realm of social life, this one would be the prime candidate. The thesis, which from the standpoint of the present author proclaims the role of the economy as conditioning the whole of social life-which economy, contrary to Homans (following here in the footsteps of the post-classical economics)-does not boil down to the market, the relations of exchange, but includes at the very least the relations of production and property relations has nothing in common with any attempt to reduce these non-economic phenomena and processes to the economic ones, or with a mechanistic application of economic categories to non-economic structures. This kind of what fully deserves to be dubbed: ‘economic imperialism’ obscures the boundaries between what constitutes the economic structure and what does not. It is hard to imagine a more ill-conceived proof of the primacy of the economy in social life. The treatment of all social relations in the likeness of an exchange makes it difficult, if not impossible to empirically investigate various ways in which the economic structure affects the non-economic structures, transforms the issue of the relationships of the two domains into a semantic problem, one of applying to non-economic phenomena one or other economic label.

THE UTILITARIAN MAN

Let us, finally, cite Homans’ proposition No. 5, associated with his socio-economic rule of distributive justice. The proposition in question holds that the more to a man’s disadvantage the rule of distributive justice fails of realization, the more likely he is to display the emotional behaviour we call anger (Homans 1961:75).

Again, it is impossible to determine whether the rule of distributive justice holds in practice, or establish the point in which it is violated, since any proportions between rewards, punishments, costs, profits and investments cannot be, naturally, calculated.

Even more important question concerns the origin of this sentiment of distributive justice felt by any participants to any exchange, i.e. all interactions, since each one of these is, as has been noted, treated precisely as an exchange. Because any other answer to this question is not offered, one must surmise that the rule in question is hard-wired, so to speak, is coded in genes, constitutes an aspect of human nature. And it is indeed apparent that the set of propositions put forward by the author of the theory of social exchange must imply a conception in that matter. Even in the absence of an in-depth analysis of the content of the above-mentioned statements, one can easily ascertain that these are drawn on the well-known doctrines of utilitarianism and hedonism.

The human being as conceived of by Homans is an egoistic creature, whose goals involve both maximisation of profit of one's own, and assuring that anyone in his or her peer group did not achieve profits greater than herself or himself (Homans, 1975: 119). In other words, she or he oriented on maximising the balance: pleasure or profit :pain or cost.

Within Homans' framework The king of early feudalism transforms himself into someone in the likeness of the modern capitalist entrepreneur. Just as a contemporary 'industrial baron' he has 'capital' at his disposal, makes various 'investments', which can pay off or not(Homans, 1961: 380-8).

This view is profoundly ahistorical, which obviously calls into question Homans' claims as regards universalism of the theory of social exchange, whose propositions, according to their author, „are valid everywhere, and in the relation to all people” (Homans 1961: 317). It is, in his view, the case, because „the features of elementary social behaviour are shared by all humanity” (Homans, 1961: 6), which circumstance stems from the existence of shared by all human beings human nature; Homans, for instance, reckons that „the human nature is the only true cultural universal” (Homans, 1961: 317). And again, it is no accident that a similar claim underpins Gary Becker's 'economic approach', which, together with its underlying model of man, will be discussed below. Meanwhile, let us focus on certain aspects of such a model pertaining to the theory of social exchange.

To begin with, it is pertinent to note that it is the rational choice model that provides the “basis” (Cook, 2000: 687) for much of modern social exchange theory (for a review cf. Stolte et al., 2001).

Like most rational choice theorists, social exchange theory's advocates sometimes make proposals for resurrecting the “species of homo economicus” (Friedman, 1996), albeit in partly modified forms.

Zafirovsky (2003) notes further that “they explicitly seek to rehabilitate homo economicus in the image of what is described as a new, plain “economic man” (Homans, 1961: 79-81), which as we have seen, implies a resort to a sort of primitive folk psychology, like in the case of rational choice theory. More recently, some rational choice theorists have rechristened such an economic man as homo socio-economicus (Lindenberg, 1990) or homo economicus maturus (Frey and Oberholzer-Gee, 1997).

Ironically, such an agent concept appears to be a mixture of a classic homo economicus with some traits of what has come to be called homo sociologicus in that this embodiment of perfect rationality is driven by “the ingrained propensity to exchange for maximum gain” (Zafirovsky 2003). This is nothing other as a Robinsonade, with an interactionist twist-that is,

comprising both Robinson and his Friday. Curiously enough, the theorists under investigation resurrect old myths of classic economists, who in such terms accounted for the origin of and rationale for economic exchange. In the case of this ahistorical and asociological account, a critique in the form of naming and shaming is sufficient.

INTERACTIONS VS. SOCIETY AT LARGE

Homans is a committed proponent of methodological individualism. As regards his laws of social exchange, he says: "they are propositions about the behavior of individual human beings, rather than propositions about groups or societies". In addition, Homans claimed that as the ultimate elements of social behaviour are humans and their activities, the general propositions used for an explanation of social behaviour must refer to individuals and their behaviour, and thus they must be psychological propositions", which means that „sociology is derivative of psychology at least in the sense that social phenomena require for their explanation psychological propositions” (Homans, 1974a: 80-1).

Homans' argument is a typical example of paralogism; from the fact that society consists of individuals and their actions, it by no means follows that the patterns and regularities of its functioning and development are laws of individual behaviour, or, rather, dyadic one, since, as has been outlined above, the fundamental unit of society is for Homans an interaction of two persons. Small wonder, therefore, that Homans' attempts at the derivation of these or other macrostructures or higher-order phenomena singularly fail.

Homans' 'interactional reductionism', as it can be termed, is, *inter alia*, apparent in his theory of power. He defines power as follows: „when the total reward of a person A, associated with taking action which rewards the person B is lower – at least in B's perception – than the total reward of B linked to the performance of action, which rewards A, and as a result B alters his/her behaviour in a way advantageous to A, then A exercises power over B (Homans, 1974b: 83). In Homans' view. This definition involves both cases of power not based on coercion, „where no penalties are deployed” (a person who does care about the reward provided by another one less than vice versa, has, thanks to this, power over her), and instances of power dependent on the means of violence (it is in this context as well that the above principle of 'smaller interest' holds, an universal, in Homans' view, base of power: a bandit, for example, enjoys a unique capability of rewarding actions, as he is able to mete out capital punishment, and punishment is simply, as is well-known, a negative reward. He has the power of forcing his victim to give him all her money, his profit is, however, relatively less compared to the benefit enjoyed by his partner in this peculiar exchange.

Homans, for better or worse, goes, however, even further than that. He juxtaposes two situations: „We can watch the case of power exercised by the leader of a small group over his supporters. We can also observe power exercised by the president of the U.S, who commands his soldiers to fight in Vietnam (Homans, 1971:371).

Homans' assumption that „mechanisms of behaviour of people at the level of interpersonal relations and in big organisations are the same, are identical”, „is concretised in the form of the contention that „psychological mechanisms, which produce power in both cases are the same”. From the foregoing the author of the theory of social exchange concludes that power does not rely on specific rewards and punishments pertaining to human activities, it is based on the fact of functioning of rewards and punishments alone (Homans, 1971: 371).

On the grounds of Homans' approach the same kind and degree of power is exercised by the father over his children, by the teacher over her pupils, by the capitalist over the workers, and the state over its citizens.

What is alleged here is an identity of processes relevant for the entire nations with ones played out at the level of interpersonal relations only, and relevant exclusively for participants of these relations. State power is at the same footing as parental authority, power of the three-star general is equated with a kind of transient power exercised by the leader of a peer group waging a 'war' with another one. Such an approach, of course, effectively blocks any understanding of the real roots of power as a macrosocial phenomenon. This is a consequence of the more general fact: an inability to grasp macrostructures by means of the conceptual instruments worked out at the level of direct interpersonal relations.

One cannot agree more with Talcott Parsons' opinion according to which as yet „Homans has not shown how his principles can account for the basic structural features of large social systems” (1971: 34). This inability is written into fundamental premises of Homans' theoretical position; psychological propositions proposed by him as an universal explanatory instrument refer to what people have in common, they cannot illuminate the differences between societies” (Blau, 1970: 337), those various forms and products of social life that the humanity has generated throughout its longtime history.

Indeed, it is the other way round - not only it is not possible to comprehend society through the microscopic prism of 'elementary relations', but much of what happens inside small groups cannot be understood without taking account of the broader societal context. Some societies are characterised by significantly higher levels of corruption and development of the informal economy, which both types of relationships are indeed observable at the microlevel; but it does not follow that they are explainable by such a microstructural optics, or by the purported human nature, which-in other similar in the remaining respects societies-somehow does not engender this kind of behaviour.

The foregoing clearly shows some of the key pitfalls economic imperialism leads to, such as logical and substantive fallacies. Thus, Homans' approach implies vicious circles in reasoning, tautologies, vague concepts, the upshot being that his theory turns out to be difficult, if not impossible to falsify. In the light of Popper's well-known criterion, therefore, his approach cannot be termed scientific, Homans' protestations notwithstanding. From a sociological point of view, certain further features of Homans' approach appear unacceptable, such as his methodological individualism or interactionism, and psychologism.

Contrary to Homans, not only societal macrostructures cannot be scientifically investigated on the basis of the phenomena occurring at the microlevel, but in actual fact the latter cannot be explained without taking into consideration their broader societal context. With this we come full circle, since Homans, owing to his microstructural bias does not dispose of any adequate theory of society at large.

RATIONAL ACTION AND STRUCTURE

The weakest and most vulnerable to criticism aspect of Homans' theory of social exchange has been its psychologism, and especially its dependence upon one particular version of psychology.

The followers of Homans' ideas, therefore, whilst starting from similar premises, modified that most controversial aspect of the theory of exchange. The authors such as Blau (1964), Coleman (1973), Cook (1987) and others extended or changed his conceptual system. These developments occurred under the serious influence and with a growing closeness to microeconomics, which manifested themselves in both the growing formalisation and mathematisation and the construction of 'undersocialised' theoretical model, a 'generalised' model of rational action, whose introduction, to be sure, allowed to avoid the above-mentioned criticism, but did not take off a related one, referring to methodological individualism, the difference with Homans' theory being its adoption in non-psychological version.

The flaws of the methodological approach in question are not difficult to grasp.

When Homans says that „the secret of society consists in the circumstance that it is a human creation”, he formulates undisputable truth, which could be called into question perhaps only by the believers in certain form of sociological deism. There is more to that, however. The author of „Social Behavior”. Puts forward the related claim, which is only seemingly true: „There is nothing in society, which has not been contributed by humans” (Homans, 1961: 385), for it negates the autonomy of society, or, more broadly, any supraindividual structures. Following in his footsteps, other representatives of the strand of rational choice reject an autonomy or the fact of restraints imposed on human action by the social structures” (Scott, 2000). Meanwhile, the fact that social structures consist mostly, albeit not exclusively of human individuals does not mean that the former could be reduced to the latter, for structures are not simply aggregates or collections of elements, but precisely structures, i.e. sets of not only elements per se, but also relationships between those, which fact gives birth to various, to use a popular buzzword, synergies, or, more simply, emergent structural effects that underpin the relative autonomy of the social wholes in relation to their components, which can be also rendered as possession of novel characteristics that are not present at the level of the constituents. This fact cannot be recognised by the proponents of methodological individualism, who, like that proverbial bourgeois in the Polish poet Tuwim's poem cannot see the wood behind the trees.

Part and parcel of society whose relation to its constituent individuals proves so difficult to comprehend, are also social norms. In their case, as it turns out, the above-mentioned problem returns with a vengeance. The theory of rational choice finds it difficult to account for both the nature of social norms and the question of why they are obeyed by the members of society. The first reason for these difficulties is the lack of distinguishing various types of norms: legal, religious etc. It is associated with its lacking of an adequate theory of society at large, and of its particular substructures in which given norms function. Furthermore, even abstracting from the question of social location of norms, one cannot escape the conclusion that People's compliance is often inconsistent with their rationally conceived interest. How the theorists of rational choice handle this problem? They lean to the view considering norms to be merely arbitrary preferences. Thus, if „individuals help others (in accordance with the moral norm obliging to such assistance- note: J. T.) and derive satisfaction from that, then such help is a rational act, consistent with self-interest” (Scott 2000). It is easy to notice that this kind of argument leads to inadmissible sophistry. Looking at the matter this way would force us to classify heroic acts of nurses at the front line, or of Mother Theresa as consistent with the model of rational choice and self-interest. Another solution to the problem

being discussed provided by the supporters of the theory of rational choice is equally unsatisfactory.

Ridley looks for that solution in genetically programmed, natural predispositions for co-operation and reciprocity. Referring to instincts, drives and other similar factor always can be taken as a proof of the theorist's incapability to face a give problem, constituting rather an example of the escapist strategy – it is easy to postulate the existence of this or that instinct, it is much more difficult, however, to prove its real existence. Even granted the existence of such instincts, they would have to be really potent in order to produce a whole gamut of cooperative and altruistic behaviours present in human societies. Furthermore, positing instinct, and, more broadly, the entire category or rational choice is not a position to account for the fact that humans frequently perform given actions as normative, out of duty, obligation or commitment. Blau attempted to address this problem, stating that people are willing to bear costs in the course of the exchange relations, insofar they are included in a longer chain of activities. They then count on the fact that any loss will be compensated by an equivalent profit in the future. People expect reciprocity in the long run, and since it is in the interest of anyone, it gets accepted as a norm.

This approach, however, is a case of a well-known logical fallacy: it assumes what should be yet proved: mutual trust; A must have trust in B, and similarly B must give C the benefit of the doubt, C must have confidence as to the next cells in the chain, and so on and so forth. Thus, we are back at the SQUARE ONE, because we still do not know what the source of that trust, an indispensable component of Blau's explanation is. The flaw of the theory of rational choice is not only unacceptable from the standpoint of psychology rationalistic monism or reductionism, rooted in the rejection of specificity of standards of behaviour derived from habits, morality etc., their reduction to the cost-benefit calculus, but, first and foremost, asociologism and ahistorism, taking its objects out of the socio-historical network in which they are embedded. In terms of economic sociology, for the notion of trust to be of any real value, it must be referred to specific types of the economy, e.g. Asiatic one, or stakeholder capitalism, as the literature on the varieties of capitalism would have it.

On the grounds of the model of rational behaviour one cannot, as has been argued earlier, account for actions such as paying taxes, participation in green or other non-governmental organisations, which all have in common the fact that an individual taking an action in question contributes much more for the welfare of others than his or her own benefit amounts to. The taxpayer parts with often a significant portion of her income, whereas she may even not use roads, bridges etc. Built from, among others, her taxes. An analogous challenge create for the theory of rational choice such organisations as trade unions and professional associations. A prospective unionist is aware that his or her membership will strengthen the bargaining power of organisation to relatively little degree, whereas it will defend her or his interests anyway.

Similarly, any professional will think twice before joining his or her respective association, because of little personal benefit, which will be drawn from the activities of the institution anyway. Some representatives of the stream of thought being considered, e.g. Olson or Hechter postulated to cope with the problem mentioning statute restrictions, e.g. regarding pay hikes, or delivery of special legal advice exclusively to the members of a given organisation. Even irrespective of the disputability of that idea on general grounds, it remains a undisputable as well uncomfortable (in terms of the supporters of the theory under

consideration) fact that many organisations both act and attract new members without any need for those “special incentives”, which calls into question the aforementioned idea.

MACROECONOMICS AND ABSTRACTION

The foregoing suggests that the following attempt at saving Lazear’s thesis on the alleged superiority of economics misses the point. To begin with, , in 2006 Lazear got himself appointed chairman of President George W. Bush's Council of Economic Advisers.

Then matters took an unexpected, and unfavourable for the proponents of economic scientific approach turn. The financial crisis and subsequent economic recession — which Lazear infamously downplayed while in office— have put a big dent in the credibility of the macro side of the discipline. The thing is not, to be sure, that economists have nothing interesting to say about the crisis. The crux of the matter is that they apparently have so many different things to say about it. As MIT financial economist Andrew Lo found after reading 11 accounts of the crisis by academic economists (along with nine by journalists, plus former Treasury Secretary Hank Paulson's personal account), there is massive disagreement not just on why the crisis happened but on what actually happened. "Many of us like to think of financial economics as a science," Lo wrote , "but complex events like the financial crisis suggest that this conceit may be more wishful thinking than reality."

At this point one is reminded of a critique of historicism as purportedly incapable to develop any scientific laws owing to an one-time character of the historical process. Similarly, Lazear's description of the scientific way in which economics supposedly works (state a theory, test it, revise) does not really apply in the case of a once-in-a-lifetime financial crisis. Nor it does apply to macroeconomics in general. To use an apt saying of economist Paul Samuelson, “‘We have but one sample of history’. Meaning that you can never get truly scientific answers out of GDP or unemployment numbers.” (Fox 2013)

So far, so good. At this juncture a more controversial portion of Fox’s argument creeps in, however; he cites Robert Skidelsky’s recommendation to the effect that “while microeconomists could be allowed to proceed along pretty much the same statistical and mathematical path they'd been following, graduate education in macroeconomics needed to be dramatically revamped and supplemented with instruction in ethics, philosophy, and politics. I'm not aware of this actually happening in any top economics PhD program” (Fox 2013). And it is safe to say that even a full implementation of Skidelsky’s proposal, useful as it would have been from the standpoint of the prospective economists’ intellectual horizons, by itself would not lead to any significant changes; on the contrary, the hegemony of neo-classical orthodoxy would remain unaffected. And the issue of microeconomics’ alleged legitimacy will be reverted to below.

As for the last sentence of Lazear’s statement, it is easy to concur that theoretical abstraction and isolation are powerful tools: “It is the ability to abstract that allows us to answer questions about a complicated world” (Lazear 2000, 103; see Mäki 1992 for a sympathetic account of this method).

Even putting aside a rather problematic character of the claim granting economics an alleged monopoly of that intellectual power, it should not blind one to the accompanying risks in using these powerful tools in non-experimental (or semi- experimental) domains: “as the degree of abstraction and isolation increases, the slack between theory and evidence grows,

resulting in difficulties with controlling theorizing by empirical means. The standard complaint about economics, in the course of its history, is the claim that those difficulties have been evaded by settling on theories that are nothing but imaginary fictions” (Mäki 2008: 28).

This complaint is voiced by, among many others, those non-economists who resist the invasion of their disciplines by economics: they prefer tackling the complexities of the social world with “dirty hands” to the danger of being distanced from it by adopting the “clean models” of economics (Hirsch, Michaels, and Friedman 1987).

All this suggest that such frank confessions as that of Lazear’s can be unsafe, inasmuch as the above statement reveals, wittingly or unwittingly, the real-regrettable state of “abysmal science”. The economist in question apparently does not see that his can be only a Pyrrhic victory in that the only logical consequence of economics having such a character ascribed to it by him can be ultimately a arch-sophisticated theory of nothing. That this is no exaggeration, can be seen from the following assessment by an economist, who “argues that the standard equilibrium model of economics is devoid of empirical content and that a theory based on individual rationality (...) provides no explanations of real world phenomena”. Concomitantly, he suggests that “the way forward lies in deriving predictions from empirical facts and then testing for the presence of these facts. This is contrary to current practice” (Hildenbrand 1999).

THE NATURE OF ECONOMIC BEHAVIOUR

Gary Becker made his name in economics by arguing that many different types of human behavior can be viewed as rational and utility maximizing. He is also among the foremost exponents of the study of human capital.

His prime axiom - that all actors in the social game are economic persons who maximize their advantages in different cost situations - allows Becker to study so many different social phenomena that their sheer variety is mind-bogling: racial and sexual discrimination, human capital, social capital, crime and punishment, marriage and divorce, the family, drug addiction, and other in his eyes only apparently non-economic aspects of social life. Thus, Becker does not restrict himself only to analyzing market behavior; rather he expanded the domain of economics by applying an economic approach in understanding problems beyond those characterized by market transactions.

As has been suggested above, the American thinker argued for an economic approach (Becker, 1976: 3-4). To him, that approach rests on three pillars: maximizing behaviour, market equilibrium, and stable preferences. These three pillars, "used relentlessly and unflinchingly, form the heart of the economic approach" (Becker, 1976: 5). The first of these (also referred to as utility maximization) is a subset of rational choice theory, which, according to Jerome Bruner (1990), has its origin in the works of Adam Smith. The theory assumes that human beings only engage in behaviours from which they derive the maximum benefit (Bruner, 1990: 28). As utility-maximizing individuals, humans are incapable of engaging in activities other than those that MAXIMIZE their benefits. The utility maximization argument goes like this: Why does Maggie behave in such and such a way? Because she wishes to MAXIMIZE her benefits.

Then the next question logically arises: why would Maggie always act to MAXIMIZE her benefits? Because her human nature compels her to do so. Becker (1976) treated utility maximization as an axiom. Matter-of-factly, he decreed that "everyone recognises that the economic approach assumes maximizing behaviour... be it the utility or wealth function of household, firm, union, or government bureau that is maximised" (Becker, 1976: 5). That's it, at least to the author himself nothing more needed to be said on the matter.

In point of fact, this kind of theory recognises only two legitimate social entities: the utility-maximizing individual and the free market. The individual is discussed in the next section; here, let us focus on the free market. Market equilibrium, the second pillar of Becker's (1976) economic approach, rests on the assumption of perfectly competitive, free markets. Markets are arenas in which goods and services are produced and distributed entirely on the basis of supply, demand, and price.

According to Becker (1976), cost-benefit analysis is the invisible mechanism by which the market coordinates social behaviour. What is more, whilst Becker admits that market information is incomplete and unevenly distributed, that fact does not in his opinion weaken its regulatory power. The significance of the latter point cannot in fact be overestimated. Applying this cost-benefit analysis to smoking habits, for instance, Becker argued that people continue to smoke even in the face of lethal health risks, not "because they are ignorant of the consequences or 'incapable' of using the information they possess, but because the life-span forfeited is not worth the cost to them of quitting smoking" (1976:10). To Becker, then, rational economic choice, not ignorance or incapacity, explains nicotine addiction; people remain addicts because they want to, and they want to because addiction constitutes a net benefit to them.

The orthodox economist's way of thinking about behaviour is one where economic agents, both as individuals as well as parts of a larger community, face resource limitations that force them to make choices. At an individual level they make rational choices that are coordinated through the market or some other mechanism. In other words, economists apply an optimisation principle subject to resource constraint and use equilibrium conditions for coordination of individuals' actions.

This notion refers to an abstract market, whose "extreme abstraction"² (Slater & Tonkiss 2001, 16) or ontological indeterminateness allows for its putatively universal application to all social domains. Since neoclassical economics wholeheartedly adopted by Becker construes society as Bastiat's "great market place," it becomes a set of ordinary or explicit and social or implicit "markets" (Becker & Murphy 2000). It is important to note that the aforementioned notion of equilibrium as a central facet of markets is in actual fact drawn on the 19th physics; the entire system is "mechanistic: once the initial assumptions and conditions are met, the end result is logically preordained and determined by an "invisible hand' that efficiently coordinates the actions of individuals in the same way that the G-force coordinates the movements of the sun and planets" (Mirowski 1989). The real economy does not function that way-it is ever-changing, for its understanding dialectics rather than mechanicism is a prerequisite. "Often, under realistic premises, either no unequivocal equilibria exist or that stable equilibria with inefficient resource allocation develop. This results in market failure. But market failure calls into question the central link of economic

² Referring back to earlier considerations, this again shows that for a concept to be abstract can be a mixed blessing; whether a given concept's level of abstraction is sufficient, too high, or too low, must be decided on a case-by-case basis rather than in abstracto.

theory between rational individual action, unlimited markets, and optimal distribution of economic goods; the claim of the superiority of rational individual action cannot be generally maintained under the more realistic assumptions. The close connection between self-interested action and economic efficiency becomes precarious (Beckert 1996).

As summarised by Becker's critic, The economic approach (...) assumes that individuals MAXIMIZE their utility from basic preferences that do not change rapidly over time and that the behaviour of different individuals is coordinated by explicit or implicit markets ... The economic approach is not restricted to material goods and wants or to markets with monetary transactions, and conceptually does not distinguish between major or minor decisions or between "emotional" and other decisions. Indeed, the economic approach provides a framework applicable to all human behaviour—to all types of decisions and to persons from all walks of life (Bourdieu 2005, 210).

For example, in his economic theory of the family Gary Becker states, inter alia, that "Time and goods are contributions to the production of 'commodities', which are a direct source of utility. These goods can not be purchased on the market, but they are produced and consumed by households using market purchases" (Becker 1991, 31).

Becker thus, on the one hand distinguishes market goods and non-market goods, but on the other blurs the distinction by introducing the ambiguous term "commodities" or quasi-goods. However, goods and services produced and consumed within families or households are not any goods, because they are devoid of their basic feature, which is exchange value, production for profit. The goods and services in question are at best an element of natural economy, not market economy. A conflation in Becker's description of "production" of a household of real economic activities with the activities which by no means are part of the economy is evidenced by the following hodgepodge: "Goods produced in the household are numerous and include, for example, quality of meals, offspring quality, prestige, recreation, companionship, love, health ... 'good health,' the offspring, marriage or 'interurban visits'" (Becker 1991, 257 and 353). Glossing over the socio-economic distinction between economic activity and, as we shall call it, quasi-economic, leads to false analogies: "Great companies are much more common than large households because scale benefits from specialised investments and division of labour are more important for companies" (Becker 1991, 301).

The aforementioned French sociologist comments that: nothing now escapes explanation in terms of the maximizing agent-structural organisations, firms or contracts, parliaments and municipal authorities, marriage (conceived as the economic exchange of services of production and reproduction) or the household, and relations between parents and children or the state. This mode of universal explanation by an explanatory principle that is itself universal (individual preferences are exogenous, ordered and stable and hence without contingent genesis or evolution) no longer knows any bounds. Gary Becker does not even RECOGNISE those bounds Pareto himself was forced to assume in the founding text in which, identifying the rationality of economic behaviour with rationality as such, he distinguished between strictly economic behaviour, which is the outcome of "a series of logical reasonings" based on experience, and behaviour determined by "custom(...)" (thus acknowledging another principle of action-usage, tradition or custom-unlike methodological individualism (Bourdieu 2005: 210).

Weber's typology of human action was even more variegated, calling into question the over-simplification of the aforementioned monistic view.

HUMAN OR SOCIAL NATURE

As noted above, economics traditionally conceptualizes a world populated by calculating, unemotional maximizers that have been dubbed Homo Economicus.

Standard economic model of human behavior includes (at least) three unrealistic traits: unbounded rationality, unbounded selfishness, and contrariwise, bounded sociality. The latter is the case because, as suggested above, the focus of orthodox economics is on an individual agent, whose relationships to other human beings are limited to market transactions. Now such a view not only impoverishes the actual abundance of human interrelationships but misconstrues the way of making decisions, which in the real world is far less individualised and solitary than envisaged by conventional economics. Standard model leaves out social learning, conformism and other social influences and pressures, which means that our choices cannot be understood without taking into consideration our social background and context. In a word, standard model focuses on, to borrow from Marx's "Theses on Feuerbach", "an abstract - isolated - human individual". This once again underlines that there there are, to use Sartre's phrase, bad and good abstractions. Meanwhile, as another Thesis on Feurbach has it, "human individual should in fact be conceived of as "the ensemble of the social relations".

To turn to another pillar of the standard paradigm, Herbert Simon (1955) was an early critic of modeling economic agents as having unlimited information processing capabilities. He suggested the term "bounded rationality" to describe a more realistic conception of human problem solving capabilities. Since we have only so much brainpower, and only so much time, we cannot be expected to solve difficult problems optimally. It is eminently "rational" for people to adopt rules of thumb as a way to economize on cognitive faculties. Yet the standard model ignores these bounds and by the same token the heuristics commonly used. As shown by Kahneman and Tversky (1974), this oversight can be critically important, since sensible heuristics can lead to systematic errors.

Departures from rationality emerge both in judgments (beliefs) and in choice. The ways in which judgment diverges from rationality is long and extensive (see Kahneman, Slovic and Tversky, 1982). Some illustrative examples include overconfidence, optimism, anchoring, extrapolation, and making judgments of frequency or likelihood based on salience (the availability heuristic) or similarity (the representativeness heuristic).

Finally, people are boundedly selfish. While economic theory views free rider problems as inevitable, since individuals cannot be expected to contribute to the public good unless their private welfare is thus improved, the realities fly in the face of this self-interested view, as shown, inter alia, by massive philanthropic donations and equally widespread volunteering.

"Research in experimental economics has emphatically falsified the textbook representation of Homo economicus, with hundreds of experiments that have suggested that people care not only about their own material payoffs but also about such things as fairness, equity, and reciprocity. There is now a wide set of experimental results showing that, contrary to the predictions of standard rational choice theory, most individuals do not solely try to maximize their self-interest but instead behave as if they were guided by social or moral motives.(...) the explanation of the "puzzling facts" that experimental findings have brought into light call for theoretical elements that are deeply alien to standard game and rational choice theory. If morally driven behavior is to be seriously taken into account in economics, the ontology of the individual is to be revised to encompass the social nature of the constitution of human identity and the communicative dimension of action.

The other related challenges are to theoretically integrate the deontological moral elements and the specificity of moral sentiments that undeniably influence real agents' behavior and that are not reducible to utility maximization. Putting forward utility maximization, narrowly interpreted as self-interest maximization, as normative behavior may have the regrettable effect of making it come true. As Hannah Arendt (1983: 401) put it: "What is particularly awkward in modern theories of behavior is not that they may be false, it is that they might become true." (Lopes 2008).

However, "this research has left fundamental questions unanswered: are such social preferences stable components of human nature; or, are they modulated by economic, social, and cultural environments? Until now, experimental research could not address this question because virtually all subjects had been university students, and while there are cultural differences among student populations throughout the world, these differences are small compared with the full range of human social and cultural environments. A vast amount of ethnographic and historical research suggests that people's motives are influenced by economic, social, and cultural environments, yet such methods can only yield circumstantial evidence about human motives. In combining ethnographic and experimental approaches to fill this gap, [...] a large cross-cultural study aimed at determining the sources of social (non-selfish) preferences that underlie the diversity of human sociality. The same experiments that provided evidence for social preferences among university students were performed in fifteen small-scale societies exhibiting a wide variety of social, economic, and cultural conditions by experienced field researchers who had also done long-term ethnographic field work in these societies. The results (...) demonstrated no society in which experimental behaviour is consistent with the canonical model of self-interest, and showed that variation in behaviour is far greater than previously thought, and that the differences between societies in market integration and the importance of co-operation explain a substantial portion of the variation found (which individual-level economic and demographic variables could not). The results also trace the extent to which experimental play mirrors the patterns of interaction found in everyday life" (Henrich et al. 2004).

FIXED PREFERENCES

The neoclassical analytical framework takes individual preferences as given and stable (Stigler & Becker 1977), assuming that persons have a particular and constant set of "tastes," "values," or "aspirations." Changes in behaviour are assumed to result from changes in "constraints" or income, but not in preferences. Thus, for example, a neoclassical analyst investigating the reasons that American consumption of alcohol has declined since 1980 will ask if the price of alcohol has increased or if the age of drinking has been raised and so on, but not whether the desire to consume alcohol has been reduced due to changes in the valuation of "drinking", which on its part may be due to such factors as the health-and-fitness movement and a neo-temperance movement.

Neoclassicists argue that incorporating preference changes in the explanation of behaviour precludes useful analysis, because whenever behaviour changes, presumably we shall state that preferences have changed. There is, however, a satisfactory rebuttal for this argument. If we have several-or, preferably, numerous-observations over time, we can test hypotheses about changes in constraints and in preferences (including value changes that

often cause preference changes). For instance, tax compliance has been shown to be affected both by the level of taxation (basically, the higher the tax rates, the lower the level of compliance) and by whether or not taxes are viewed as fairly imposed (Lewis, 1982). Thus, if an increase in compliance follows a period in which tax rates have not been reduced, all things being (...) equal, we would expect that the change is due, in fact, to an enhanced sense of fairness. The argument of some neo-classicists-that they need not study preference changes, or the value changes that drive them, because these phenomena belong to "different" disciplines (Etzioni 1990)-namely psychology and sociology- is telling, only that its significance may be not to the taste of the said economists, as it reveals the inherent limitations of their own approach and thereby points to the necessity of a broader framework, one that encompasses both social and economic factors, grounded in history at that.

However, there is, as a matter of fact, "much evidence that preferences are subject to modification under the impact of psychological and social processes, and that they often reflect the dissonance (or conflicts) that arise when emotions, values, and cognition are not all well aligned" (Janis & Mann 1977). In addition, taking exception to the aforementioned methodological individualism pertaining to the framework being discussed, the following questions need consideration: "What range of economic behaviour is group determined vs. subject to individual decision-making? Under what conditions do group factors dominate, under what conditions are individuals relatively freer (e.g., some see individuals relatively freer when the group forces clash; others—as anxiety-ridden under these circumstances)? Which groups are the Significant Others, and what are the relations among them? (Etzioni 1990).

CONCLUSION

Giving the "economic imperialists" the benefit of the doubt, It is not Becker's most general intention, i.e. investigating economic conditioning of social structures that is questionable; on the contrary, this is one of the basic tasks of economic sociology. What is unacceptable about his and his colleagues' approach, however, is the easiest possible way of looking for such relationships – a mechanical forceful application of economic notions to intrinsically non-economic structures yielding cognitive pain rather than gain. Becker's economic reductionism over-simplifies the interrelations between the economy and its social setting, and is grounded in an untenable model of "economic man".

References

- [1] Becker, Gary S. 1976. *The Economic Approach to Human Behavior*. Chicago: The University of Chicago Press.
- [2] Becker, Gary S., 1991 . *Treatise on the Family*, Cambridge: Harvard University Press, Enlarged edition.
- [3] Beckert, James. (1996). "What is Sociological about Economic Sociology? Uncertainty and the Embeddedness of Economic Action." *Theory and Society* 25: 803-840.

- [4] Blau, Peter (1964). *Exchange And Power In Social Life*. New York: John Wiley & Sons.
- [5] Blau, Peter (1994). *Structural Contexts Of Opportunities*. Chicago: The University of Chicago Press.
- [6] Blaug, Mark (1980). *The Methodology of Economics*. Cambridge, UK: Cambridge University Press.
- [7] Bourdieu, Pierre (2005). *The Social Structures of the Economy*. Cambridge: Polity.
- [8] Bowles, Samuel, Herbert Gintis and Meliss Osborne (2001). The Determinants of Earnings: A Behavioral Approach. *Journal of Economic Literature* 39: 1137-1176.
- [9] Coleman, James (1986). Social Theory, Social Research, And A Theory Of Action. *American Journal of Sociology* 91: 1309-1335.
- [10] Coleman, James (1988). Social Capital In The Creation Of Human Capital. *American Journal of Sociology* 94: S95-S120.
- [11] Coleman, James (1990). *Foundations Of Social Theory*. Cambridge: Belknap Press.
- [12] Coleman, James (1994). A Rational Choice Perspective On Economic Sociology. Pp. 166-182 in *Handbook of Economic Sociology*. Smelser Neil and Richard Swedberg (Eds.).
- [13] Cook, Karen (1990). Linking Actors And Structures: An Exchange Network Perspective. Pp. 115-128 in *Structures Of Power And Constraint*. Calhoun, Calhoun, Marshall Meyer and Richard Scott (Eds.). Cambridge: Cambridge University Press.
- [14] Cook, Karen (2000). Charting Futures for Sociology: Structure and Action. *Contemporary Sociology* 29: 685-692.
- [15] Cook, Karen and Toshio Yamaguchi (1990). Power Relations In Exchange Networks. *American Sociological Review* 55: 297-300.
- [16] Emerson, Richard (1962). Power-Dependence Relations. *American Sociological Review* 27: 31-41.
- [17] Emerson, Richard (1969). Operant Psychology And Exchange Theory. Pp. 379-408 in *Behavioral Sociology*. Burgess Robert and Don Bushell (Eds.). New York: Columbia University Press.
- [18] Emerson, Richard (1976). Social Exchange Theory. *Annual Review of Sociology* 2: 335-362.
- [19] Etzioni, Amitai (1990). "Policy Implications of Socio-Economics." *Policy Studies Review* 9(3): 445-454.
- [20] Etzioni, Amitai (1999). *Essays in Socio-Economics*. New York: Springer.
- [21] Fiske, Alan (1991). *Structures Of Social Life*. New York: Free Press.
- [22] Fox, Justin (2013). The End of Economists' Imperialism, *Harvard Business Review*, January.

- [23] Frey, Bruno, and Felix Oberholzer-Gee (1997). The Cost Of Price Incentives: An Empirical Analysis Of Motivation Crowding-Out. *American Economic Review* 87: 746-755.
- [24] Friedman, Michael. 1974. Explanation and scientific understanding. *Journal of Philosophy* 71:5-19.
- [25] Friedman, Milton (1953) *Essays in positive economics*. Chicago, IL: University of Chicago Press.
- [26] Hands, D. Wade. 1993. *Testing, Rationality and Progress: Essays on the Popperian Tradition in Economic Methodology*. Lanham, MD: Rowman & Littlefield.
- [27] Henrich, J., R. Boyd, S. Bowles, C. Camerer, E. Fehr & H. Gintis. 2004. *Foundations of Human Sociality: Economic Experiments and Ethnographic Evidence from Fifteen Small-Scale Societies*. Oxford: Oxford University Press.
- [28] Hirsch, Paul, Stuart Michaels, and Ray Friedman. 1987. 'Dirty hands' versus 'clean models': Is sociology in danger of being seduced by economics? *Theory and Society* 16: 317-36.
- [29] Hildenbrand, Werner. 1999. On the Empirical Content of Economic Theories. in: *Economics Beyond the Millennium*.
- [30] Alan P. Kirman and Louis-André Gérard-Varet [ed.] Oxford: Oxford University Press.
- [31] Homans, George C. (1950). *The Human Group*. New York: Harcourt, Brace and Company.
- [32] Homans, George C. (1958). "Social Behaviour as Exchange." *American Journal of Sociology* 63, 6: 597-606.
- [33] Homans, George C. (1961). *Social Behaviour: Its Elementary Forms*. New York: Harcourt, Brace & World, Inc.
- [34] Homans, George C. (1964). "Bringing Men Back In." *American Sociological Review* 29(5): 809-18.
- [35] Homans, George C. (1974) *Social Behaviour: Its Elementary Forms*. Rev. ed. New York: Harcourt Brace Jovanovich, Inc.
- [36] Homans, George C. (1987) *Certainties and Doubts: Collected Papers, 1962-1985*. New Brunswick, NJ: Transaction Books.
- [37] Kahneman, D., P. Slovic: & A. Tversky. 1982. *Judgement under Uncertainty: Heuristics and Biases*. Cambridge and New York: Cambridge University Press.
- [38] Lewin, Shira (1996). Economics And Psychology: Lessons For Our Own Day from the Early Twentieth Century. *Journal of Economic Literature* 34: 1293-1324.
- [39] Lie, John (1992). The Concept Of Mode Of Exchange. *American Sociological Review*, 57: 508-523.
- [40] Lie, John (1997). Sociology Of Markets. *Annual Review of Sociology* 23: 341-360.

- [41] Lazear, Edward P. 2000. Economic imperialism. *Quarterly Journal of Economics* 115: 99-146.
- [42] Lopes, H. "From Self-Interest Motives to Justice Motives: The Challenges of Some Experimental Results." *American Journal of Economics and Sociology* 67(2) (2008).
- [43] Mäki / Economics Imperialism: Concept and Constraints 29
- [44] Lehtinen, Aki, and Jaakko Kuorikoski. 2007. Unrealistic assumptions in rational choice theory. *Philosophy of the Social Sciences* 37: 115-38.
- [45] Mäki, Uskali. 1990. Scientific realism and Austrian explanation. *Review of Political Economy* 2: 310-44.
- [46] Mäki, Uskali 1992a. Friedman and realism. *Research in the History of Economic Thought and Methodology* 10:171-95.
- [47] Mäki, Uskali 1992b. On the method of isolation in economics. *Poznan Studies in the Philosophy of the Sciences and the Humanities* 26: 319-54.
- [48] Mirowski, P. *More Heat than Light: Economics as Social Physics, Physics as Nature's Economics*. Cambridge: Cambridge University Press, 1989.
- [49] Nowak, Stefan. *Metodologia badan socjologicznych*. Warszawa: PWN.
- [50] Ossowski, Stanislaw (1967). *Dzieła*. Vol. 4. Warsaw.
- [51] Parsons, T. (1971), *The Levels of Organization and the Mediation of Social Interaction*, in: R. Simpson, H. Turk, *Institutions and Social Exchange*. Indianapolis-New York.
- [52] Thaler, Richard (1994). *Quasi-Rational Economics*. New York: Russell Sage Foundation.
- [53] Udéhn, Lars. 1992. The limits of economic imperialism. In *Interfaces in economic and social analysis*, edited by Ulf Himmelstrand, 239-80. London: Routledge.
- [54] Milan. (2003). "Some Amendments to Social Exchange Theory: A Sociological Perspective." *Theory and Science* 4(2).

(Received 09 January 2016; accepted 23 January 2016)