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Sociology of the Economy versus Economic Sociology

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Abstract

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Sociology of the Economy versus Economic Sociology

Jacek Tittenbrun*

Abstract

Sociology of the economy and economic sociology both can be used as a name for specific subdisciplines of sociology. In this paper, by introducing theory of socioeconomic structuralism, I offer a solution that may reconcile the supporters of both competing concepts. I claim that fruitless competition may be avoided through demarcating respective areas of interest. The sociology of the economy could be defined as a sociological view of the economic structure, which could also cover the issues of interest socioeconomics, i.e. the impact of non-economic factors on economic phenomena and processes. Whereas economic sociology would deal with the impact of economic structures on non-economic spheres of social life. In this article, I will thoroughly examine two well-known concepts: Homans's theory of exchange and Becker's economic sociology and through their critical analysis I will define my proposals.

Among the two terms mentioned in the title of this paper, which both can be used as a name for a specific subdiscipline of sociology, the second one seems to be much more popular among those who deal with this discipline in Poland, as evidenced in titles of books and course books, names of chairs and institutes at universities, titles of courses, etc. Meanwhile, that situation seems to have originated in Poland

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as a result of a misunderstanding or a mistranslation[1]. However, if this problem boiled down only to a linguistic peculiarity, the issue would not deserve a discussion. In the paper I would like to propose a solution to the existing situation and try to reconcile the supporters of both competing terms. I would also explain why they do not necessarily need to compete against each other.

Firstly, fruitless competition may be avoided through circumscribing the respective areas of interest. Therefore, sociology of the economy could be defined as a sociological view of the economic structure. This could also cover the issues of interest for Etzioni's socioeconomics, i.e. the impact of non-economic factors on economic phenomena and processes[2].

The author's theoretical and methodological stance can be best described as 'socioeconomic structuralism'. The meaning of this term will be clarified in the next paragraphs of the paper.

There is one key aspect which is revealed in the aforementioned definition of the sociology of the economy, i.e. the economy is seen as a structure placed in its social context. Moreover, the economy itself is viewed as a set of multiple substructures such as means of production, production forces and ownership relations.

That approach uncovers a fairly dubious revolutionary character of the notion of social embeddedness, promoted especially by American sociologist Mark Granovetter, which some other authors and scientists (e.g. Swedberg 1991) see as novel enough to made a foundation for a new perspective which deserves a separate name: new sociology of economic reality – i.e. new economic sociology. Meanwhile the fact that participants of economic life are viewed as embedded in their respective social and economic relations is inherent to the theoretical and methodological approach presented here and pursued for many years by the Poznan community of sociologists[3].

[1] The terms 'industrial sociology', 'urban sociology' or 'rural sociology' are translated into Polish using a noun (sociology of industry, of cities, of rural areas etc.). Similarly, 'economic sociology' should be rendered into Polish as socjologia gospodarki rather than socjologia ekonomiczna.

[2] One weakness of Etzioni's approach is the absence of a clear theory of the society as a whole which gives an impression that those independent social variables which are to determine dependent variables in the economy are selected at random and notsystematically. An outline of such theory is presented with references to K. Marx and T. Parsons, which is discussed, among others, in (Tittenbrun 2005). This outline shows the society as a structure consisting of four substructures or subsystems: economic, ideative, political and reproductive, covering mechanisms and institutions which are responsible for the reproduction of workforce (family, medicine, sports, entertainment etc.).

[3] Cf. the publications by S. Kozyr-Kowalski and J. Tittenbrun (see references).

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For instance, the productive forces are not some supernatural being that 'determine' human existence but, rather, a set of relationships between means of productions which represent a structure of their own[4], and the work forces which employ them, that is specific people who are viewed in the perspective of their social productive roles.

The main assumption of any sociologist about human nature is that 'a man is a social creature' which means that any human being is dependent in a variety of ways on others, i.e. human beings, one's nation, people in one's city, family, workplace etc. In the latter case two lines of socialisation may be identified[5]: horizontal (based on co-operation in the production process or in other work processes) and vertical (socialisation which entails subordination within a decision-making hierarchy).

In other words, an individual worker is, within horizontal socialisation, dependent on his co-workers in the team, at the conveyor belt etc., while within vertical socialisation a worker is dependent on his superiors who give him official instructions.

Socialisation or, more precisely, collectivisation is also found at the pay level; various forms of collective piecework-based remuneration, profit sharing etc. We use the term collectivisation because the results of the individual action usually depend on the results of work performed by a (smaller or larger) working group (team, personnel of a plant etc.).

When studying another substructure of the economy, i.e. ownership relations or ways of using various material as well as work force, we do not only analyse the relationships between those people as subjects of those relations and objects of such relations but we also analyse relationships between people unified by those objects.

This view of the economy in its social context may also be understood differently – in the way proposed by the economic sociology. In contrast to sociology of the economy, economic sociology would deal with the impact of economic structures on non-economic spheres of social life. The socioeconomic structuralism invoked earlier is based on the key assumption that the entire social life is conditioned by the economy. This statement, however, does not mean a relation of determinism or unambiguous dependency between the economic structure and non-economic phenomena or processes. It only means that no phenomenon occurring in the non-economic sphere can be scientifically understood and explained without a reference to the economic

[4] This substructure of the economy, in contrast to others, is a structure where people are not an indispensable element.

[5] For more, see (Tittenbrun, 2006).

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structure in the society concerned. Of course, the perspective introduced here is not the only direction possible within this understanding of economic sociology.

In the next paragraphs of the article, two well-known concepts, which may be linked to economic sociology, are going to be thoroughly examined. By conducting their critical analysis I will move to my proposals.

George C. Homans, author of the social exchange theory, is very proud of his economic approach and believes that his theory will bring sociology closer to economics. The main proof of this is the supreme principle of his sociology (with all its theoretical and terminological consequences) stating that both said disciplines look into the problems of the exchange of 'rewarding goods' (the general theory of social exchange does not assume any such limitations, while economics focuses on material goods). These essentially shared assumption leads to analogies between some laws of economics and 'laws' formulated on the basis of Homans's theory. For instance, the 'law of supply' states that the higher the price of goods, the more the manufacturer offers for sale. According to Homans, this is equivalent to a statement that the higher the value of a reward obtained though an action, the greater the likelihood that such an action will be undertaken. On the other hand, the 'law of demand' states that the higher the price of goods, the lower the amount bought by consumers. This is claimed to be equivalent to a statement that the higher the assumed cost of an action, the lower the likelihood that it will be undertaken (Homans 1974: 69). Later on, Homans seemed to have modified his views on the relationship between his theory of social exchange and the theory of economics, more clearly stressing greater generality and, consequently, superiority of the former over the latter. The aforementioned laws of demand and supply are no longer treated as equivalent in social science (Homans 1975: 77) but as consequences of general laws of behavioural psychology which represent general explicative premises for human behaviour. This means that all social sciences are provided with the most general statements applied for explication of phenomena and those statements belong to a single social science, i.e. psychology Homans 1975: 70). This degradation of economics from a theoretical source to an essentially non-autonomous theory, reducible to another one, more clearly reveals the illusory nature of Homans's attempt to make the methods and findings of economics an integral part of any study if the society and, consequently, to recognise the importance of the economy for social life as a whole.

Regardless of the theoretical value of the kind of economics referred to by Homans[6], it is difficult to image a less successful way to seek relations between economics and

[6] The subjectivist direction in economics as an inspiration to Homans and its connection to 'vulgar economics' are discussed by O. Lange (1978; 200 and following).

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sociology. The claim about the importance of the economy in social life, understood by historical materialism as a way to determine all forms of social life (unlike in Homans's concept, the economy is not limited to the market and exchange but also covers at least relations of production which constitute productive forces and ownership relations)[7], has nothing to do with attempts to reduce all social relations to the economy or with automatic application of economic notions to non-economic phenomena. Such 'economic' imperialism (on the one hand, the economy is viewed too narrowly and, on the other hand, too broadly, i.e. it transforms into an exchange of non-economic relations) blurs the differences between the economy and non-economy and states that 'all is one', thus preventing the analysis between the two spheres. Therefore, the primacy of the economy is proven in a wrong way, by viewing whole social relations as an economic exchange. Thus, the empirical analysis of various effects of the economic structure on non-economic social phenomena is turned into a linguistic problem where such phenomena are labelled with an 'economic' term. One might comment on the Homans's theory of exchange in the same way as Lenin commented on the so-called 'energetic sociology' where 'not a trace of specific economic analysis can be found', since it does not study the reality but, instead, adorns the existing research results in biological and energetic terminology. This attempt is seen as utterly worthless because the notions of natural selection, assimilation and disassimilation, energy, energy balance etc. applied to social sciences are empty platitudes. In reality, such notions cannot explicate any social phenomena or methodology of social sciences. 'There is nothing easier than taking an 'energy label' or 'biological sociology' label and affixing them onto phenomena such as crises, revolutions, class struggle etc. but there is nothing more void, scholastic and dead than such attempts' (Lenin 1949: 374–375).

The meaninglessness of the social exchange theory is also demonstrated when one attempts to extend it to dimensions of social organisation, which are more complex than direct human interactions, to which the theory initially referred. Behaviour shown at this level are labelled by Homans as elementary or subistitutional. He distinguishes behaviour at the institutional level, i.e. one which is determined by various official norms, formal rules and, more generally, all socially grounded and historically shared patterns (for Homans, both 'bureaucracy' and the 'role of doctor' are institutions). The difference between informal and formal behaviour is blurred in Homans's writing. He introduces two main criteria which identify the second type of behaviour: more complex and indirect nature of rewards and penalties (e.g. a worker

[7] Therefore, Homansian approach assumes an economy which will combine two features described by Leon Petrażycki" 'lame' and 'leaping': on the one hand, it is too narrow and, on the other, it is too broad because it views non-economic relations as an exchange.

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in a factory receives payment not directly from the foreman but from a clerk) and the fact that rewards have the nature of 'generalised reinforcements' such as money or social approval. Such reinforcements can be used in many various situations as opposed to reinforcements which refer to a specific type of behaviour.

Let us at this point disregard the discussion on whether all non-interactional relations and processes can be placed within the Homansian institutional behaviour. Instead, lets focus on his understanding of the relationship between the two spheres. Homans understands 'elementary' as both primary and fundamental. Accordingly, he believes that institutional type of behaviour always results from subinstitutional and the differences between the two are only differences in the degree.

The aforementioned statements correspond with Homans's general view of 'psychological reductionism,' as he puts it. In his opinion, this view means that since people and their actions are the ultimate components of social behaviour then general claims used for explication of social behaviours must concern people and their actions and, hence, those must be psychological claims. This means that sociology derives from psychology, at least in the sense that social phenomena require general psychological claims to be explicated. Of course, the reasoning presented in the first sentence is a typical example of paralogism: the fact that the society consists of people does not entail that the rules of its operation and development are the same as the rules of individual behaviour (or, more precisely, dyadic behaviour, as the interaction of two individuals is the basic unit of analysis in the social exchange theory). Not surprisingly, Homans cannot succeed in any attempt to derive macro-level phenomena from immediate interactions. The author of 'Social Behaviour' gets into more contradictions which reflect his attempt to reconcile the social exchange theory claims with the less original and the less scientific assumption about the universal human nature (the latter assumption sometimes is in conflict with the former).

For example, let us see how Homans explains the origins of funeral customs. He believes that in any society some people, but not all, must consider it rewarding to utter a certain type of cry when a beloved companion dies. If this were not the case and if this were not a common quality for humans, he states, we would certainly not see mourning to be so widespread among human beings. Cultures may not select some types of behaviours and pass them on from one generation to another without further ado. Whatever they choose must be consistent with certain essential qualities of the human nature. Therefore, when there is a certain group of people who cry a certain number of times, on a few cases of death, people begin to turn it into a norm – they say that this is what should be done. A verbalisation of a rule is the first step towards building an institution.

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According to Homans, an institution is built through 'secondary reinforcement'. Other members of the group whose eyes would otherwise remain dry, may also be among the weeping ones because different rewards and penalties have now begun to sanction their behaviour. If they do not cry, they will not show respect for the deceased and, consequently, will lose respect among people who bewail the deceased sincerely. In that way, Homans writes, formal expression of sorrow at funerals have become an institution.

This speculative reasoning is intended to reflect certain general rule. According to Homans, this is the kind of source underlying many institutions. A behaviour which has once been reinforced by certain people in a certain way (called primary) is sustained by a larger group of people through different kinds of reinforcements, particularly general ones such as social approval. As a particular behaviour does not reach those people in a natural way they should be told how to behave. This is why a verbalised description (a norm) is created.

At this point it would make sense to ask Homans why some people's 'nature' prompts them to adopt the 'right' reaction to the death of their loved ones whereas other people's 'nature' requires a secondary reinforcement for this behaviour to be learnt. Does that mean that the 'nature' of the latter is dormant and needs extra stimuli to surface? Homans would find it difficult to address these questions especially given that he often stressed that human nature is common for all representatives of the homo sapiens, which means it cannot be used as a factor that accounts for differences in people's behaviour.

Homans tries to extend his theory of social exchange onto the phenomenon of social differentiation. For this reason he introduces the notion of social status and writes that it seems to be a general rule that people will perceive a person as having a higher status if, in an exchange, that person offers a greater amount of goods which are rare and may be perceived as such and receives more goods which are relatively abundant. Conversely, a person is thought to have a lower status if he/she receives a greater amount of rare goods and offers a greater amount of common goods. Therefore, this concept of social differentiation is based on perceptions. Objective considerations mentioned in Homansian definition are much less important. This perception-based nature of status is even more evident in Homans's definition given in the first edition of 'Social Behaviour' where he stated that status is what people perceive about one of their neighbours. The stimuli which made up a person's status include the types of rewards that he/she receives, the types of actions he/she displays provided that such stimuli are recognised and identified by other people. Status is a matter of perception and the stimuli which will become decisive for a person's status

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depend on the relationships between various forms of behaviour the companions are aware of (Homans 1961: 149–150, 337–339).

For instance, the fact that someone receives a higher pay from someone else does not ensure a higher status in itself until this fact has been recorded by the group members. Homans believes that this notion of status can be used not only to study hierarchies within small groups but also to analyse the differentiation of the global society. Since the status of people in all stratified societies, whether inherited or achieved, is defined mostly by their occupation in the broad sense of this word, and by the income earned from this occupation, this leads Homans to thinking that the status in the global society as well as in small groups is earned or recognised through things that people give and receive in social exchange. The phenomena of stratification in small groups are so much alike those in global societies that they must have been produced through the same processes (Homans 1974: 307–308). This theory of social differentiation and consequently its subjectivity leads to a situation where clear strata (or classes, as Homans calls them) cannot be identified. In order to reflect the subdivisions in the society in his theory, the author of 'Social Behaviour' uses a metaphor of a colour spectrum where higher bands, e.g. purple, are followed by lower ones such as red etc. yet the transitions between colours are continuous and only an arbitrary line could mark where purple ends and red begins. Elsewhere Homans states that from the perspective of his theory allocation of individuals to classes can only be arbitrary. A lower member of a higher class might just as well be called a higher member of the middle class.

A sociologist interested in an objective study of social structures will not find good support in Homansian theory. The 'classes' that Homans writes about have nothing to do with the classes in the materialist and historical social theories which identify them on the basis of economic relations of ownership as this criterion allows to determine a person's class precisely and is independent from his/her perceptions. On the other hand, the social differentiation determined by ownership is not of interest of the social exchange theory which sees two status determinants, i.e. respectively, occupation that is something which is being given and income as something that is being received. The social exchange theory puts aside elements (privately owned means of production) which enable individuals to obtain goods without a contribution (own work) as well as those which are not exchanged (labour force into wages) but are a prerequisite for such exchange. Homans's attitude towards the categories used in Marxist political economy is reflected in the fact that Homans considers the Marxist surplus value theory as non-proveable speculation and believes that it is a 'matter of taste'. Homans writes that if someone claims that one group

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exploits the other than all this means is that he personally does not approve the way rewards are allocated between those two groups.

The Homansian 'interactionist reductionism', as one might call it, is also revealed in his theory of power. Homans defines power by saying that when a global reward of A associated with an action which rewards B is smaller, or at least perceived as such by B, than the global reward for B for an action that rewards A, and when B consequently changes his action in a way that is beneficial for A, then A has power over B . According to Homans, this definition covers both cases of power not based on coercion were penalties are not applied (in this understanding, someone who is less interested in a reward that another person can supply has 'power' over that person) as well as power based on coercion (the aforementioned rule of 'being less interested' applies here as well and Homans sees it as a universal foundation of power; in this understanding a thug has the power to force his victim to give away money but he gains less than life which the 'partner' of this peculiar exchange gains as a result). The power of someone who offers advice to work colleagues is based on the fact that the adviser is the only one who can provide what others seek. In Homans's view, the thug from the example described above also has a rare ability to offer rewards: killing a victim is a penalty. A penalty is a negative reward, which means that refraining from killing is a reward. However, Homans goes further. He gives examples of two situations – in the first: we can see the power exercised by a leader of a small group over his supporters, and in the second the power exercised by the U.S. president commanding soldiers to fight in Vietnam. Assuming that people's behavioural mechanisms in interpersonal relations and in large organisations are the same, or identical, Homans makes a more specific claim that the psychological mechanisms which produce power in both cases are the same. On this basis he concludes that power is not based on specific rewards and penalties for human actions but, rather, it is based on the sheer fact that rewards and penalties exist.

According to this theory, a father has the same power over children as a teacher over students, a capitalist over workers or the government over citizens. This theory implies that phenomena which affect the lives and fates of nations are identical to those which take place between individuals. Therefore, power of a government is seen as comparable to the power of parents, the power of the commander in the army is likened with the power of a leader of a peer group playing war. Obviously, this approach effectively prevents us from understanding the actual foundations and mechanisms of power as a macro-level social phenomenon. This is a consequence of a more general fact, i.e. intellectual instruments developed through analysis of intermediate interpersonal interactions do not capture large social structures.

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One may all but agree with T. Parsons who believes that Homans has not demonstrated how his rules may explicate core structural attributes of large social systems. This inability is reflected in the fundamental premises of Homans's theoretical approach. The psychological statements saying what all people have in common cannot explain differences between societies and the varied forms and products of social life which mankind has developed during its long history. The aforementioned fragmentary and unsuccessful attempt to go beyond the 'vicious circle' of interactions by employing a theory of exchange indicates the falsity of the original assumption. Consequently, this assumption must be reversed: the society cannot be understood without looking at the microscopic level of elementary relations and, moreover, a lot of what is going on within small structures cannot be understood without looking at the broader social context. Naturally, this concerns the phenomena such as the ones which the exchange theory refers to. For instance, can we explain the informal exchange of material and immaterial performances in some sectors of everyday life without referring to specific characteristics of the global macrosystem such as ownership relations, market-based economy, allocation relations typical of economies in transition, or the patrimonial political system (Tittenbrun 2000), i.e. macro-level phenomena which cannot be reduced to good or ill will, intentions and wishes of specific individuals?

This way of looking at the social world is quite opposite to Homansian psychologism which smoothly merges with the aforementioned concept of human nature. According to Homans, a human being is highly mercantile and guided by personal gains. It is a calculating being who chooses the most rewarding options i.e. pleasure, at minimum expense, aiming to optimise the equation: rewards less costs.

One can clearly see that this is an almost unchanged view of human nature taken from traditional concepts of hedonism and utilitarianism. A historian of ideas would sum them up in three basic points:

1) all people are similar by nature;
2) all people have the same objectives by nature: to achieve whatever lies in their interest; in other words, to experience maximum pleasure;
3) as part of their nature, humans have reason, and reason helps them to see where lies their true interest (Tatarkiewicz 1970: 199).

Moreover, the Homansian vision of human beings leads us to a conclusion that this purportedly general concept of human nature[8] is, in fact, a description of

[8] Homans repeatedly claims that his theory is universal and writes that his claims apply anywhere and too all people (1961: 317). He believes this is the case because the elementary norms of social behaviour are shared across all mankind (Homans 1961: 6), and this, in turn has a foundation in the universal human nature ('human nature is the only true cultural universal').

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certain attributes of a historically defined human being. More precisely, it describes a participant of a capitalist market, a member of a society based on exchange of goods and money. This confirms an opinion Marx once expressed about 'vulgar science' stating that 'it takes trivial, blissful ideas of burgees production agents about their world as the best of worlds and closes those ideas into a pedantic system, announcing them to be eternal truths' (Marx, Engels 1968: 93). Also other claim made by Marx and Engels can be applied to the social exchange theory: 'the seeming nonsense which brings all the diverse relations between people to one relation of utility, that apparently metaphysical abstraction results from the fact that all relations in the contemporary society are subjected to virtually a single abstract relationship based on money and stallholding.

Holbach presents the entire activity of individuals in their interactions, such as speaking, loving etc. as a relationship of utility and usage... It is evident that the category of 'utility' is by no means derived from pondering and will but from actual relationships with other people. It is also seen that, on the contrary, those relationships are presented as reality by using often speculative methods.

Homans repeatedly claims that his theory of exchange is universal and writes, for instance, that it applies everywhere and to all people (1961: 317). In his view, this is the case because the characteristics of elementary social behaviour are shared by all mankind. This derives from the fact that all people share the same human nature. For instance, Marx and Engels wrote that human nature is the only true cultural universal (Marks, Engels 1968: 93).

This method is utterly speculative. In the same way Hegel presented all relations as objective spirit relations. The authors of 'German Ideology' think that one of the precursors of hedonistic and utilitarian theories, i.e. Holbach, can be seen as proposing a historically justified philosophical illusion about the then-fledgling French bourgeoisie whose desire for exploitation could be interpreted as a wish for complete growth among individuals freed of old feudal bonds. On the other hand, among the epigones of bourgeoisie utilitarianism (Homans being classified as one of them) this theory received universality deprived of content, being limited to an empty illusion of a burgess who thinks he can craftily exploit the world (Marks, Engels 1975: 462–468). There should be no doubt that those statements are accurate when used to describe the empty categories of 'social exchange theory' which give researchers complete freedom of interpretations. This is illustrated by numerous examples quoted here and elsewhere (Tittenbrun, 1983). The inclination to transform the particular into the universal, and to transform characteristics of a specific historical period into an eternal ingredient of human history, is a sign of Homans's ahistoricism.

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Based on the theory developed by the author of 'Social Behaviour' a king from the early feudal era is transformed into someone like a modern capitalistic entrepreneur. Much like a modern 'industrial mogul', a medieval ruler also possesses 'capital' and makes various 'investments' which may (or may not) turn out to be profitable.

This ahistoricism is closely linked to other weaknesses of Homansian reasoning such as circular explications or tautologies, discussed in more detail elsewhere (Tittenbrun 1983). Below is one selected example of the tautological nature of the social exchange theory. Homans explains the phenomenon of collective conformism as follows: Let us assume that a person A is a human being who thinks that yielding to a collective norm is valuable and that behaviour of a person B also yields to that norm. If B professes the same values as A so that conformism displayed by one of them is valuable for the other one, then A rewards B and B rewards A to approximately the same extent. The exchange between those two people reaches an equilibrium (Homans, 1961: 116). However, what will happen if there is person C who will not yield to the collective norms? Well, the theoretician answers that person C apparently attaches sufficiently high importance to non-conformist behaviour. In other words, someone who yields values subordination highly whereas someone who does not yield just does not hold subordination as a value.

The figurative sense of the Homansian notion of value and the pertaining 'third exchange rule' is demonstrated quite clearly in a case where this theory is applied not to small groups but to historical events. Homans uses the following deduction scheme to explain why William the Conqueror never conquered Scotland:

1. The higher the perceived value of a reward, the higher probability exists that the individual will take action to obtain such a reward. This is a version of one of the fundamental claims in the theory of social exchange [detailed discussion can be found in (Tittenbrun 1983), as quoted earlier].
2. Under specific circumstances William the Conqueror (a particular individual) did not think that conquering Scotland would be valuable.
3. Therefore, he was unlikely to take steps aimed at conquering Scotland (Homans 1967: 44).

As this reasoning includes the aforementioned 'law' it is believed by Homans to be scientific and offer a truthful explanation. However, circular explications are not considered truthful by scientific standards and this is exactly what Homans has offered here. The author has no proof that William the Conqueror did not think that conquering Scotland would have no value. The only proof is that he did not conquer Scotland, which explains this fact by reference to the same fact. The 'law' used as the

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main link turns out to be little else than a tautology as the value of the rewards and the related action are just different verbalisations of the same empirical fact.

Homans applies the same rules (subject to the same criticism) to explain the behaviour of his hypothetical individual – so called 'interactor'. The interactor's partner is someone he likes but does not agree with. How can one account for a situation where the interactor makes a choice between two alternatives: changing a partner or changing his own views? Homans answers in very much the same way as a Moliere's character who explains why opium puts people to sleep: it has soporific qualities. Homans writes that someone who attaches a greater value to obtaining another person's consent rather than to getting the primary reward will choose the first option and discontinue the primary exchange whereas someone who values primary exchange more than the abandonment of one's own views will be likely to modify his opinions towards agreement with the partner (Homans 1974: 62).

Even if we assume that we can resolve all difficulties associated with the concept of 'value' as a category which can offer empirical explication, we will still wonder if the 'law' used by Homans in this reasoning offers any progress in understanding the interactor's behaviour.

The Homansian idea of scientific explication derives from those positivist traditions which were described by Stanisław Ossowski: 'in their view, an explanation consists in indicating a general sentence which represents a logical argument for sentences that report the existence of specific phenomena. More colloquially speaking, explanation would consist in saying that things always take this course'. One should agree with Ossowski when he argues that 'the relationship between phenomena does not always become more clear when a general assertion has been provided as a logical argument for the respective specific sentences' (Ossowski 1967: 265). The deductive explication as used by Homans clearly shows that he takes the ahistorical stance, understood as 'explaining specific social particulars by showing that they are only a variety of a general, universal category or a universal, non-historical law.' Without negating the existence of terms common for all levels of production Marx also stressed that the so-called general conditions of all production are nothing else but those abstract moments which do not lead to understanding of any actual historical level of production (Marks 1966: 708-709).

Many of the Homansian methodological and theoretical notions criticised above may apply to another "faction" in economic sociology represented by Gary Becker. The accuracy of this classification is reflected not only in Becker's definition of 'economic sociology' where he defines it as the application of rational choice perspective to

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all human behaviour (1990b) but also in the view expressed about this Nobel Prize winner (1992) by another Nobel laureate, Becker's teacher – Milton Friedman.

Becker, however, when extending the coverage of economic analysis, goes into sophistry. Firstly, Becker rejects the definition of the economy which being the subject of economic research is narrowed only to material (tangible) goods. He claims that the production of tangible goods now requires less than a half of U.S. workforce whereas the value of the intangible production in the services sector is now higher than the value of the total output of goods (Becker 1990a: 3). However, not only Becker's notion of services is very flexible and includes, among others, retail services, films or education but what is more important there are no particular obstacles to exclude from the definition of the economy certain types of services. This is what Parsons and Smelser did in their 'Economy and Society.' However, on that basis Becker opts for using the so-called 'economic approach' to all areas of human behaviour. In his view, which reflects the position of a specific neoclassical direction rather than economics at large, human behaviour can be accounted for in terms of rational choice logic focused on maximisation of personal gain (utility). Without considering Parson's (and Smelser's) critique of the idea that such preferences are invariable and given, Becker defends it by arguing that such approach prevents ad hoc explications.

Is the author of 'A Treatise on the Family' protected against the same? Becker writes that health and longevity are a very important goal for most people but those are not the only goals. Sometimes people give up chances for a longer life and better health because they clash with their other goals. The economic approach leads to the conclusion that there is some 'optimal' life expectancy determined by the moment when the utility of another year of living is valued less than the utility which must be given up to use time and other resources to gain that additional year. Therefore, someone might smoke habitually or work intensively without taking any exercise not necessarily because they do not realise the negative consequences or are 'incapable' of using this information but because a longer life is not worth the cost associated with giving up smoking or working less intensively. This is a clear example of an ad hoc explication: if a person wants to live many years, then longevity is his apparent goal. If not, then another value or pleasure is apparently more important than longevity.

The same type of logic can be easily detected in his reasoning about ticket prices, i.e. if a Broadway theatre owner sets ticket prices at a level which makes people wait for a very long time to get a seat, one may expect that the owner does not know the profit-maximising pricing structure. The explicating premises are clearly selected to match the statement which is being explicated. The author of 'The Economic Approach to Human Behaviour' proudly emphasises that his economic approach is

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helpful in explaining economic discrimination without reference to factors such as political discrimination, class struggle, monopolies or market failures. In Becker's opinion, the factor which plays a crucial role are individual preferences or the liking for discrimination existing within a freely competitive market. At the same time, he believes that the economic approach alone does not allow us to resort to claims about irrationality or to making ad hoc assumptions concerning the shifts in the hierarchy of values (i.e. preferences). On the contrary, this approach assumes the existence of some costs (psychological or cash based) involved in the utilisation of an opportunity which rule out the apparent gain. Such costs might not be easy to notice for an outside observer. Meanwhile, it is easy to prove that the notion of psychological (moral) costs does offer opportunities for ad hoc explications. One might say that if the gain maximisation rule does not apply, then perhaps the psychological costs would offer an explanation. Such an explanation can be used arbitrarily and at liberty.

The vicious circle resulting from such an analysis which narrows the study of economic and social processes to micro-level individual factors (preferences, costs etc.) is demonstrated in the example below. Becker gives an example of workforce coming to the U.S. from overseas and a portion of U.S. capital is used in connection with that workforce. According to a well-known economic rule, U.S. citizens will continue to derive (economic) benefits from this immigration as long as there is declining end output of the labour factor because intramarginal immigrants increase the productivity of the U.S. capital. If one wants to use discrimination, the 'exported' capital must receive a higher cash revenue in balance versus the capital employed domestically in order to compensate the co-operation with labour factor N. However, if all members of W have an identical discriminating preference, then the net income in balance must be the same for all types of capital W. Net revenues and cash revenues for domestic capital are identical because there is no 'moral cost' of co-operating with the labour force.

Reservations concerning the concept of human behaviour made by Gary Becker and the whole economy of so called main stream are more general, and thus bigger. It is based, as emphasised, on a homo oeconomicus model – a human being who makes rational decisions and is self-interested. Exactly both pillars of current economics of the concept of man do not endure intensive attempt of critics when compared with empirical facts resulting from numerous research, including the one done by psychologists Kahneman and Tversky, who prove that decisions made by human beings are influenced by attitudes, emotions, perceptual mistakes, and also situational context. It means that the decision making process differs from a rational model, postulated by textbook economics. People are willing to assess probabilities of

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different events on the basis of clear circumstances and circumstances easily accessible in memory (so called accessibility heuristics). Some events may be overestimated, and other underestimated (Kahneman, Tversky 1982). An inexperienced investor may overvalue a risk of playing the stock exchange, when a person known to him has once lost their whole wealth as a result of a stock exchange collapse. Repetition of some information by media also influences probability assessment. What is important, events which are publicized and involve emotions do not have to be characterized by high probability. How do financial markets participants draw conclusions on the basis of information they have? Analyses done by Kahneman and Tversky (2000) proved that we are susceptible to making estimations on the basis of insufficient data. This tendency has been called 'the law of small numbers'.

This weakness of our mind is craftily used by investment funds, which usually give information about good financial results from the last or two years. The guidance of 'the law of small numbers' leads to an assumption that such a fund must be effective, although the final decisions should be made after analysing results of several years. And they are hardly ever encouraging. Specialists in investment psychology say that using this law by stock exchange players accounts for many irrationalities in capital market functioning, for example an overly strong reaction to short-term changes in stock prices.

If human decisions regularly differ from predictions of classic theory of the economics and if we often behave irrationally, are there any regularities here? Firstly, our attention usually concentrates on short perspective. Secondly, we trust our knowledge too much. Thirdly, we are convinced that we control the course of action much more than we really do. What is more, feeling of pain caused by financial loss is usually much stronger than joy of profit of the same size, which results in too big, from the point of view of probability theory, threat of risk taking. Finally, in our daily life we have difficulties in distinguishing between events results of which depend on our abilities and the ones which depend on luck.

It is enough to observe that many people who are about to throw a dice or draw lots in a tombola, are very much concentrated and spend some time choosing 'the right position'. Our estimation of chances is in conflict with probability theory – we believe that something will happen on condition that something else happens earlier. For example, one of psychological studies ('The Psychology of Judgement and Decision Making' by Scott Plous) say that survey participants believed that Soviet invasion on Poland and suspension of diplomatic relations between USA and USSR in 1983 were more probable than only suspension of relations between Washington and Moscow. The list of our imperfections is much longer, but the ones mentioned

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earlier are enough in order to push us into activities, which are qualified as irrational by economics and logic.

If so many fairly basic reservations can be made towards understanding the activities of actors in 'economic life' by mainstream economics, applying the same model of economic actor outside economic context must bring more such critical remarks.

Secondly, another 'supposedly' inseparable element of human nature, which is assumed by neoclassical economics, is also questioned. People do not always vote according to their interest. It was proven by Wilson and Banfield (1964, 1965), and Martinez Vazquez (1981). To speak more specifically, analysis of local referendums showed that groups with high income consistently voted against their own interest, to the advantage of redistribution of income from the rich to the poor, showing at the same time so called by the authors 'social sensitivity'. Swedish vote on a proposal to tax mortgage interest did not find (as might be expected) most home-owners opposed and most renters in favour; the voter's self-interest was less important than his ideological position. In an American study 40 per cent of voters were ready to have their property rates increased in the interest of equalising taxes across districts. In a research done by a Swiss author Bruno Frei, some percentage of people were ready – against a popular opinion about a commonness of NIMB syndrome (not in my backyard) – to accept a storage of nuclear waste near Luzern where they lived. The reason was public duty – they understood that it had to be done somewhere; so if not here, someone else would agree. This motivation was proven by an answer to a question whether they would agree, if the government paid them – the number of 'yes' answers dropped to 24 per cent.

Likewise, in a known comparative study, Titmuss studied blood donation in the USA, where it is exclusively paid, what causes people to hide their health condition, including diseases they can spread on a recipient. In a European system – volunteer – it is not present (since there is no money incentive). Such phenomena from the Internet like Open Source Software and other products on the Copyleft licence are evidence that people very willingly share what they have and what they know, and financial income has been artificially promoted as the only possible motivation of people's activities.

Clear example, since it comes from the area of classic application of homo oeconomicus doctrine, constitutes a practise of ethical investment. It turned out that many investors are ready to accept some – (not excessive) and not ruinous – loss in the name of some moral rules. Fair trade, the movement which ethical fundaments state that a producer should be paid more for some products, has also been popular among retail trade customers.

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Laboratory games are used to study social tendencies or their lack. They base on setting a reward or punishment for cooperation or betrayal (many of them are based on a prisoner's dilemma) and checking how people who take part in the experiment behave in different conditions. It turns out that tendencies to 'betray' and maximise one's own income predominate slightly only in a situation when the players cannot communicate with one another or do not know their respective backgrounds, i.e. they do not know each other and they cannot check how they have behaved so far. In other situations, the level of cooperation considerably surpasses the level of 'betrayal'. In Manfred Milinski's experiments, for example, examples of behaviour aiming at cooperation plainly grew up when the players had known their 'cooperation background'. When they knew nothing about one another, merely every other cooperated, and when they knew how they had played so far – 80 per cent cooperated. Thus when there are conditions similar to natural ones, when we can talk to our partners and get to know them, tendency to cooperation definitely predominates. It can be said, of course, that we cannot rely merely on our good will, or even inborn tendency to cooperation. 'Traitors' and fare dodgers can always be present and will force others to behave similarly (known dilemma of trampled pastures). And if so, it does not matter if people cooperate or not. One 'traitor' is enough in order to force selfish behaviour in all people. Thus it should be assumed that people behave in a selfish way and on this basis social institutions should be built.

In a number of experiments conducted in order to check the concept of 'free riding' this concept has not been proven (Marwell, Ames 1981). It should also be added that 'experimental conditions were purposely designed to maximise the probability of appearance of individualistic, egoistic behaviour' (Marwell, Ames 1981: 307). All this research clearly shows that voters can step out from narrowly interpreted own interest, and can recognise social interest, and communities are not defenceless. They have a mechanism which protects them from a 'fare dodger'. When there is a necessity of working with others or managing common goods, people create their own rules of behaviour and social sanctions. In sociology this phenomenon is called micro-constitutionalism. These rules are very often stronger and more sanctioned than regulations or laws written down and having formal sanctions. We cannot be surprised, though, when we take into consideration a fact that when we punish people who break common regulations, the same sectors in our brain are activated as when we eat sweets. Ernst Fehr, who discovered this phenomenon, says that it is what we called 'sweet revenge'. Natural societies and micro-constitutionalism have been a subject of long-term research. Elinor Ostrom team from Indiana University was in the lead (1999). Many communities were searched: from sewage users in the

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USA through fishermen in Mexican Bay to woodcutters in South America and people using irrigation systems in Nepal.

Vast majority of research has proven that when edge conditions are satisfied, such as a possibility of applying sanctions and excluding a participant who breaks rules, systems based on natural co-operation work better than personal property and public ownership. And at the same time they are long term enterprises, although very often they require sacrifice from their beneficiaries. Wonderful example, given by the above mentioned Elinor Ostrom, are fisheries in Maine. In this state fisheries are regulated by government regulations, which are little supported in a local communities, whereas crab fishing is regulated solely by community regulations. Fish resources undergo degradation, while the number of crabs is not only stable, but it even increases.

We have a natural tendency to cooperate and we are able to protect this cooperation. The fact that we rather cooperate than betray and that we value reputation and like to punish 'traitors' means that we are capable of building communities. It also means that we are not always driven by individual rationalism and self-interest. There are things more important that a desire of profit, although they are often irrational and the only value they have is 'because this is what you should do'. Such a statement proves the existence of 'sense of justice'.

In 15 countries of the world a research has been done, based on ultimatum game (Henrich et al. 2004). In this game one of the players receives some amount of money and is supposed to hand over some part of it to the other player. The second player can either accept or reject this proposal. If the second player rejects, neither player receives anything. If the second player accepts, the money is split according to the proposal of the first player.

In true experiments when the players thought that the amount offered is unfair, they refused to receive the money, although in that way they got nothing. Although unfair, the amount of money was different in different countries (in Papua New Guinea even amount equal to 70 per cent of the original amount was rejected), nevertheless too low amount was rejected everywhere. When we look at rational interest of individuals, we should assume that every amount would be accepted. Better something than nothing. But it is was not so. People taking part in the play thought that 'you cannot act this way' and try to punish the person who broke social rules. Therefore we are able to sacrifice our own interest in order to fight unfair rules or behaviour which breaks rules.

Undermining certain ways of understanding the role of economy in social life could become a subject of economic sociology. But it can naturally be a sole

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introduction to positive understanding of the contents of the latter, which, for obvious reasons, we have to save for another occasion, just as sociology of the economy.

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