

The Economy in Context: A Value-Based Approach*

By Arjo Klamer**

Abstract

A more comprehensive picture, or imaginary in Charles Taylor's term, puts the spheres of market and organizations in a broader perspective. It calls for new concepts – like shared and common goods or practices – and the willingness to contribute. We see that culture, in the sense of sense-making practices, matters a great deal, just as Deirdre McCloskey and Virgil Storr, among others, argue. By focusing on values, we see that people valorize their values not just by way of markets, but more so by way of different, non-market spheres. The article reflects a value-based approach to economics and the economy.

JEL Codes: A1, B5, Z1

Keywords: Value-Based Approach, Social Goods, Cultural Goods, Shared Goods, Willingness to Contribute, Culture, Oikos

Picture yourself in a restaurant with a group of colleagues. What do you see? Do you see yourself and the others engaged in a conversation while enjoying the food and drinks? Or are you focused on the choices you and your colleagues make and the payment of the bill at the end?

In the conversation of economists the choices and the payment seem all that matter. Economic talk is about transactions in market settings. Economists make you see choosing the restaurant, choosing some items of the menu and paying for them. In economic talk that is called “consumption.” You and your colleagues are the buyers. Those who run the restaurant are the suppliers. The price is presumed to be the critical variable influencing your decision to buy and the decision of the restaurant to supply. Behind the supply curve the restaurant people are pictured to produce the meal in a more or less productive and cost-effective way. The point is the income they earn thanks to your payments, after deduction of the costs. That is what economists call added value. It makes you realize that your consumption is good for the income of

* The author wishes to thank the editors and participants in the cultural economics seminar at Erasmus University for useful comments.

** Erasmus School of History, Culture and Communication, Department of Arts & Culture Studies, Erasmus University Rotterdam, Burg. Oudlaan 50, 3062 PA Rotterdam, Netherlands. The author can be reached at klamer@eshcc.eur.nl.

others who can use that to consume in their turn. After all, “[c]onsumption is the sole end and purpose of production” as Adam Smith already noted in 1776 (Book iv, Chapter 8, 49).

This is one perspective. Another perspective makes you focus on the purpose of your shared dinner at a restaurant. Then you may ask yourself: what is important for me and my colleagues? This questions calls for what you value. You most likely will mention the conversation, the socializing, the exchange of stories, anecdotes and ideas. Who knows, the conversation allows you to test some new ideas you have for your research. All that makes the conversation valuable apart from affirming the collegiality and friendship of you all. The food is a good excuse. True to academics, appreciation of its quality is implicit. And because the department picks up the bill, payment is not an issue. The earnings of the people of the restaurant, and their efforts, do not really matter, either. In this alternative perspective the visit to the restaurant is about realizing values.

1. Modern Social Imaginaries

The notion of “perspective” evokes the possibility that people perceive the world in different ways. Psychologists perceive people dealing with personal issues, traumas, and the like. Sociologists focus on social interactions, and phenomena in which they recognize the manifestation of power. Theologians perceive in the world the hand of God, and they read the world in light of the lessons of the Bible. Economists perceive the economy in light of markets guided by an invisible hand with the shadow of a large government. Some of them see the role of the government in a favorable light, others do not. It is all a matter of perspective.

As Charles Taylor (2003) suggests, the economy has to be imagined as such. When people look around and try to make sense of what they observe, they need the category “economy” to identify a world of production, consumption and distribution. As the example of the restaurant shows, that is far from obvious. “The economy” is background at most, if that, in the worldviews of psychologists, sociologists, theologians, and, so I surmise, most ordinary people living their daily life.

I like to ask students their picture of the “economy.” Even economics students produce a great variety of pictures. Most draw a money sign, some draw households and producers with a market in between, some a stick figure with a question mark to indicate choice, and one student even drew a bunch of erratic lines to express chaos. Non-economists tend to highlight the financial side of the economy, drawing bank buildings and money signs. To them “the economy” is an abstract world, often a threatening world.

According to Charles Taylor “the economy” constitutes part of the “shared social imaginary” of this time. He introduces the notion of “shared social imaginary” to make us think “of the ways people imagine their social existence, how they fit together with

others, how things go on between them and their fellows, their expectations that are normally met, and the deeper normative notions and images that underlie these expectations (*ibid.*, 23).” Taylor traces the beginnings of the modern shared social imaginary to the eighteenth century along with the imagination of a public sphere (as in democratic processes, politics). It was about then that people began to distinguish something like an economy and imagined a more or less autonomous economic sphere with markets, trading, profits, greed and free enterprise. At the same time they began to displace the royal court as the centre of their universe with the imagination of a public sphere in which they, with other individuals, could participate. And they began to value their personal sphere as a private sphere that could be shielded from social and public control.

The sharing of a social imaginary is critical for productive and effective political discourse. Politicians need to be able to evoke a shared image of the economy to justify their policies, and by doing so imply a public sphere in which they can speak and can be heard. At the same time they need to honor and respect the private sphere that people nowadays imagine for themselves.

Economists pay homage to these distinct imaginaries claiming the economy as their subject matter, identifying the government as representing the public sphere and presuming that individuals make choices in their private sphere. That is not to say that economists charge the public and private spheres with lots of content, as they do for the economy, but they are at least present in their picture of the world.

In the characterization of Taylor the image of the economy evokes an autonomous sphere separate from political, moral and personal activities. Presumably, it is perceived as a sphere in which people wheel and deal, exchange one thing for another, produce and work for profit, and acquire necessities guided by an invisible hand. It is a modern image because it contrasts with imaginary worlds in which lords and kings pursue honor and impose their will on their subordinates, or in which a life dedicated to God is all that matters and the authority and presence of the church are pervasive.

However, is such a characterization right? Does it mirror life as people perceive it?

Why?

I bring in the notion of perspective in order to put the writings of Deirdre McCloskey, Virgil Storr, Ginny Seung Choi, Pete Boettke and like-minded economists in perspective. I sympathize with these writings because they add culture and virtues to the picture of the economy. In her masterful trilogy on bourgeois virtues Deirdre McCloskey (2006; 2010; 2016) not only makes a convincing case for the prosperity that markets generate but also for their role in generating and bolstering virtuous behavior.

Her account raises all kinds of questions. For example, does all the credit for the economic gains of the last century or so go to the forces of the market? Might the development of governmental organizations have contributed to those gains as well? How about the tremendous growth and development of commercial and social or-

ganizations? And in which spheres do virtues come about? After all, people go to church and spend time at home as well. Might they pick up something about temperance, faith, hope and love in passing?

To address these questions we are in need of a broader picture that offers a more varied perspective of the world. At least, that is what I endeavor to show.

2. A Broader Picture

Several authors have contributed to the visualization of the market as a sphere besides other spheres. Karl Polanyi, for example, visualizes the spheres of reciprocity, of redistribution and of householding in addition to the sphere of the market (Polanyi 1944). The sphere of reciprocity evokes the social relations that people form in informal society (sometimes called civil society or the third sector). The sphere of redistribution refers to the government with its system of taxes and expenditures, and the sphere of the household to the private sphere that Taylor identifies as part of the modern social imaginary. The sphere of reciprocity and redistribution constitutes the public sphere in Taylor's perspective. Others who worked with the perspective of different spheres, each with its own logic, are Hirschman (1970), Habermas (1984), Luhmann ([1984] 1995) and Zelizer ([1994] 2005).

In my pursuit to understand the cultural sector with its cultural – or what I would identify as sense-making – practices I have found these visualizations useful, but felt compelled to add a fifth sphere, i. e. the cultural sphere (Klamer 2017). The idea is that people valorize their preferences, needs and values by engaging in practices pertaining to one or more of these five spheres. Each sphere has its own logic and distinctive practices.

You notice the sphere with the (M). That is the market sphere, the preoccupation of economists. But that is not where life starts.

At the base of this picture is the (O) of *oikos*. As economists will know, *oikos* is Greek for household or home. It is the sphere in which people start their life and end it. When they reach adulthood, they usually leave their parental *oikos* to develop their own. They do so often with someone else, their significant other, with whom they may generate offspring to fill their home. Life at home has a particular logic that informs how to operate and what to do. When a home is shared with others (a partner, children, friends, parents maybe), people distribute tasks (“when you take the kids to soccer practice, I will vacuum the house”), share dinner, care for each other, have vacations together, and develop common memories, usually without the intervention of money as a unit of account or means of exchange, and without a governmental logic. The *oikos* enables people to realize values like care, love, a sense of family, father- and motherhood, intimacy, and a sense of belonging. Its logic is based on loyalty, or voice (Hirschman 1970). Kids do what the father or mother ordered, and when they do not

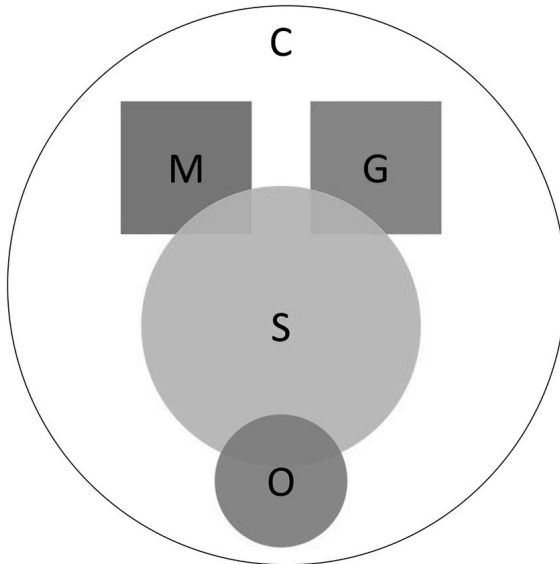


Figure 1: The Model of Five Spheres: the *oikos*, the social, market, governmental and cultural spheres (Klamer 2017)

appreciate the orders, they can express their discontent by arguing, crying or screaming. The *oikos* is also the site of dependency, abuse, suppression and indoctrination, the shadow sides of a logic of (inter-)dependency.

Part of the *oikos* is the personal sphere. That is the sphere of privacy that Taylor was evoking. It is the sphere that enables people to realize values, such as autonomy and a sense of self. In this sphere people relax, put on comfortable clothes, and do their thing disregarding what other people may think of it. It is also the sphere in which people work on their skills and talents, muse about their life, read, play music maybe. It is the self-centered sphere.

In the social sphere (S) people venture outside their home, go out on the street. Here they socialize and form relationships with people outside their *oikos*, make friends, join clubs, go to school, surf the internet, and become a member of a neighborhood, a group chat, a club or a church.

The social sphere is the sphere of the social logic, the logic of relationships, of reciprocity, of sharing, of participating, of giving and contributing. Friends share things and do things for and with each other.

Going further away from the *oikos* people enter societal life, by engaging in politics, joining movements, and participating in conversations that form the public sphere. In this societal sphere people realize themselves as citizens. They do so by participating in or contributing to what are called common practices, that is practices

that collectives of people have in common. Other than in the social sphere close to home, they now interact with people whom they do not necessarily know.

Open source platforms are manifestations of the social sphere. People contribute to, and benefit from Linux, Wikipedia and other such sites without getting paid, or paying.

Like the *oikos* the social sphere has a shadow side, too, as it excludes people and can be the site of violence, discrimination, racism and sexism.

The behavior that is required or expected from us in the social sphere is different from what is required and expected in markets. It is behavior that suits relationships and generates a sense of sharing or having concerns and values in common. The social and societal spheres are about participation and contribution. In these spheres people interact socially. Insofar as monetary transactions and the application of rules and laws enter, they are the background and merely instrumental. In order to have a conversation you and your colleagues pay for dinner at the restaurant and may take into account some legal constraints. But the payment and the legal constraints are not what the socializing is about.

The conversation that you and your colleagues are having occurs in the cultural sphere (C). In this sphere people make sense of their life and their world. That is what we scholars do when we engage in conversations about our subject, write and read articles, and participate in seminars. In this sphere people practice art, a religion, politics, read books, make and watch movies and television, write and read journals and newspapers, and by doing all that they make sense of themselves in a context, pay homage to their civilization, further knowledge, and determine their position in the cultural field. This sphere encompasses all others. Without the (C) people would not be able to understand what they are doing in all the other spheres.

The cultural sphere is also the domain where ideologies take shape, where people develop fundamentalist beliefs, and think themselves as different from – and possibly superior to – others. It is the sphere of prejudices, fixed ideas, and the social imaginaries as characterized by Charles Taylor. In this sphere people develop a sense of Dutch, German, or American identity, their moral beliefs, a sense of beauty, and their worldview. It is also in this sphere that people pick up to the idea that the economy needs a strong leader, or not, and the nation needs to be protected from foreign competition, or not.

This sphere follows a cultural logic. When people like McCloskey, Boettke and I try to alter the understanding of something like “the economy,” they need to take into account what others have said, use a similar idiom and language in order to be understood. Usually, it requires schooling and disciplining in order to participate in specific cultural practices. It takes contemplation and inquiry in order to make sense of one’s life. Reading and talking can help, too.

And yes, we make transactions. We do so in the market sphere, the sphere of buying and selling, of pricing things, of quantifying our income and wealth. In this sphere we

do business with people we may not know, and we buy stuff of which we do not know the origin or who produced it. When we buy fish, we usually have no clue who caught the fish and where, who processed the fish and cooked it to our order. We do not need to know all that because, as economists are keen to point out, the price does the work for us.

The market sphere is a rich sphere, as economists know all too well and McCloskey is eager to propagate. It has a remarkable dynamic, with prices moving all the time, and fortunes alternating continuously. The pricing of things has a profound effect on our lives. It has a disciplinary effect, for one, but also enables us to plan, budget, and evaluate. Its logic is basically one of accounting: stocks and flows, income and expenditures. As McCloskey and I have argued, accounting is the root metaphor of economics (1992). But it is also, according to McCloskey, Robert Lane (1991) and others, the sphere in which people develop virtues like prudence, entrepreneurial skills, and others which bring about innovation.

How about organizations? This is the question that I pose to McCloskey and others who praise the virtues of markets. How much of what is accomplished in the last century is due to the application of the logic of organization? After all, a distinctive feature of modern economies is organizational life. Beginning in the late nineteenth century organizations in the commercial sphere took off. Large corporations dominate a great part of the economy. The majority of people work in and for an organization; most business is done with and among organizations. The government has an organization, too, a pretty big one actually. It employs numerous civil servants to occupy its offices and implement the policies that politicians have determined.

Organizations constitute the governmental sphere (G). In this sphere a governmental logic reigns. All organizations apply such a logic somehow. It is the logic of rules, of laws, of functions and tasks, accounting, supervision, hierarchy. An organization requires a structure of some sort, with clear agreements, and often contracts that makes such agreements legally binding.

Commercial organizations are part of G, but so are governments, social organizations such as churches, schools, universities, and sport clubs. They are because they all use a governmental logic. There are differences, of course. Economists are keen to point out that commercial organizations are disciplined by market forces in a way that governmental organizations are not. Yet, both organizations work by way of contractual agreements, departmentalization, accounting rules, chains of command, and other practices that are administrative and clearly distinct from the transactions that follow the logic of the market sphere.

The academics among us will recognize the organizational context in which they operate, including criteria for promotion, exam protocols, deans who tell you what to teach, employment contracts that specify the rules and criteria for one's salary, perks, and conditions for a sabbatical. They are blessed with an organization that will recruit the students for them, builds and maintains classrooms and offices, and pays a farewell party at retirement. The organization keeps the market logic at bay. Just imagine that

we have to compete for students, that our salary depends on how many students we teach and how many theses we supervise? Imagine that other teachers compete for our courses and get to teach them because they are willing to do so for much less money.

The picture reflects the modern social imaginary as visualized by Charles Taylor. Yet, by distinguishing a sphere of governance (G) this picture draws more attention to organizational life. This is warranted certainly since the emergence of organizational systems in the nineteenth century (Chandler 1977), culminating in the development of large governmental organizations starting in the twenties and thirties of the last century. Another big difference is the addition of the cultural sphere (C). I needed that sphere to do justice to the sense-making activities that are so characteristic of the cultural sector. Support for this addition is given by anthropologists and sociologists who draw our attention to the generation and communication of meanings (Douglas and Isherwood 1979; Habermas 1984; Kopytoff 1988; Zelizer [1994] 2005).

3. The Immediate Payoff

This picture raises all kinds of questions that are less obvious when the picture of (M) dominates. For one, we will wonder about the interactions between the spheres. What is the role of the cultural sphere? Does it impact the market sphere, as McCloskey and Weber have argued?¹

And how does the sphere of (M) affect the sphere of (G), and vice versa? Apart from the disciplining impact of market forces, governors can apply market logic in their governance, like when they give bonuses to their best employees and focus internally on quantifiable results. Civil servants can do the same by addressing citizens as their customers, specifying products, organizing competitions among suppliers, and declaring that their operations are demand-driven. (Such application of (M) logic in governmental context goes under the flag of “neo-liberalism”).

Another way of realizing the importance of (G) is to ponder the impact of poor private organizations and badly functioning government on the functioning of markets. We saw after the downfall of communist regimes that the construction of strong organizations proved to be a formidable challenge. Weak civil society (part of S) did not help either.

The picture complicates the inquiry into the causes of the wealth of nations. Studying market processes will not suffice. The question is what the other spheres contribute, or how they may hamper economic growth.

Given the strong role of (G) in our lives, it is somewhat strange to realize how subdued its presence is in the standard economic picture. The oversight of (G) is even

¹ In Klamer (2019) I survey the various interactions between the spheres of (C), (M) and (G).

more curious when we consider the point that Coase already made a long time ago (1937), and that is that firms exist in order to eliminate market transactions. People organize to avoid the dealing and wheeling of the marketplace. The organization allows them to agree on a distribution of tasks, for example, on the remuneration, on a hierarchy in responsibilities and functions, on a chain of command, and on criteria of performance. Firms, therefore, keep the logic of (M) at bay. Almost half of what is reported as international trade, occurs within firms; an intra-firm transaction is administrative and follows the logic of (G) rather than that of (M) (taking into account tax regimes). Even so, organizational life receives far less attention from general economists than the sphere of the market.

We may further suspect that the cultivation of virtues take place in the sphere of the *oikos* and the social sphere, with an important role for the cultural sphere. The social and cultural spheres could be considered the context of the market sphere. Then again, we might also imagine the market sphere as instrumental for (S), (O) and (C). The same applies to the governmental sphere.

4. The Need for Another Concept of the Good

When goods are mentioned, economists will immediately turn their attention the sphere of the market. After all, market logic dictates that trading requires goods that can be exchanged. Goods can be tangible – like bread, computers and cars – and intangible – when they come in the form of services. Accordingly, one hour of therapy is a good just as a haircut is. A good is costly to acquire and therefore has a price. A good is good to satisfy wants. Economists speak of private goods to indicate their private ownership. When people buy the good “computer” they acquire ownership. When they book an hour with their therapist, that hour is theirs.

Private goods are products or commodities. In the discourse of economists, they constitute the welfare of people. However, that is when we visualize things in the context of the market. The picture of the five spheres compels a broader perspective and conjured up images of other types of goods.

Economists came to recognize that the governmental sphere is also good for the production of goods. Governments produce roads, sewage systems, organize education and often also hospitals. They provide security, clean air, and maintain cultural heritage. Even though these goods are not privately owned and cannot be bought and sold, economists have included them in their perspective by calling them public goods and presuming that their value can be measured by counting governmental expenditures. Public goods are considered to add to the wealth and well-being of people and are therefore economically relevant.

In discussions on the relevance of art, economists have been inclined to play with the notion of merit goods as conceptualized by Musgrave (1959). Even if the arts

cannot be claimed to be a public good, they could qualify for public sport if they have special merit, like education does. The difficulty is that some people will acknowledge the merit while others will not, yet everyone is forced to pay by means of taxation. I mention this notion because it breaks open the discussion of what counts as a good, moving the discussion beyond the restriction of goods as merely private goods to be traded in markets. There are other goods as well, purportedly of much greater importance than private goods.

Let us start again at the *oikos*, (O). How about the home that people realize in that sphere, with the qualities of care and love? Might the home contribute to a sense of well-being? I would think so. We can gain and lose a house, but we also can gain or lose a home. The latter may be lost in case of a divorce or death of the partner. Surely, you cannot go out to the market and buy a new one. Likewise, you cannot really buy fresh air or a safe street. Economists recognize the latter deficiencies of markets and therefore work with the concept of a public good. Economists count public goods as economic goods, so why not do the same with a good like a home? After all, a home is a good just like a therapy session is. It resists ownership as it is costly to acquire (think of the dating, the times spent with the partner to be, the rent for the house and all the other stuff that you need to realize a home), and a home is good for all kinds of values and needs. Those with a good home are better off than those with a bad home (even if their house is large).

Shift the attention to the social sphere and notice that people realize goods like friendship, a neighborhood, community, trust, national identity, citizenship, education in that sphere. In the cultural sphere people realize goods such as knowledge, art, beauty, faith, a spiritual or religious life, and a sense of meaning. Aren't such goods important for well-being or a good life? Would it not be strange to ignore and overlook them only because they do not suit the logic of markets? That argument would be nonconsequential anyway as it also would justify the ignoring of public goods.

Social and cultural goods, as we may call the goods that people generate in the spheres of (O), (S), and (C), are shared. That means that they have value only when they are shared with other people. Friends share their friendship. Economists share their knowledge of economics. You and your colleagues share the conversation at the restaurant. Shared ownership implies exclusion and rivalry. Everyone except for your friend gets excluded from the friendship. Others may compete for your friendship. Non-economists get excluded from the conversation of economists.

A home, friendship, knowledge and trust are goods because they require an effort. You have to do things to gain friendship and to maintain it, like spending time, giving attention, taking initiatives, preparing a meal, helping to move. The acquisition does not follow a market logic but a social one. As I elaborate in chapter 6 of *Doing the Right Thing* (2017) it is the logic of contribution and participation. For the sake of a good home, friendship, knowledge and trust people contribute their time, their thoughts, their love, their care and, indeed, also their money. As a matter of fact, quite a few transactions are contributions to all these goods. People go to the store to buy

ingredients for their home and their friendship. We academics go to the bookstore to buy the books we need to be able to participate in an academic conversation. The book is merely instrumental for the good that really matters. Unfortunately, only the price of the book counts for economic welfare – the conversation does not. Yet, the home, friendship, knowledge and trust are most important for a good life.

By extension, we can also perceive common goods in the social sphere. These are the goods that collectives have in common. Ostrom (1990) made us think of common pool resources, such as the sea or the forest outside the city. But we can also think of art or science as a common practice in which many people, artists and scientists, participate. Politics is a common practice, too, and so is democracy. Individuals participate in and contribute to such practices and thus add their quality. Likewise, culture is a complex of common practices in which people participate and to which they contribute. A rich culture shows a great variety of such practices.

5. Implications

With the picture of five spheres another perspective presents itself. All kinds of concepts and lines of reasoning that suit the transaction logic of the market sphere will change.

Take the concept of consumption. We usually read “consumption” as the purchases of consumers in markets. It is the amount that people spend in transactions to meet private wants. Now go to the picture and see for yourself: is that what people do? Surely, we all go to shops and market squares to purchase all kinds of stuff, and services as well. Let’s say we buy a ticket for a museum. Is that ticket consumption? According to the national income account it is. Yet, all it gets us is access. Leaving aside that the museum is an organization and operates to a great extent outside (M), we have to do work in the social and cultural spheres in order to appropriate what the museum presents to us. When we visit with family or a friend we engage in a shared practice and even if we do not, we participate in a common practice that the collection of the museum constitutes. We share our interests with a limited group of others involved, somehow, in what the collection of the museum stands for. When we try to make sense of what we see, we are operating in the cultural sphere (C), along with many others, including the curators who have tried to attribute various meanings and interpretations to the exhibited collection. Note that the values revolving around the purchase – “no, it is not right to sneak in without paying” – are quite unlike the values and qualities that are in play when trying to appreciate the exhibition – “how in the hell can they call a urinal art.” “Please, give it a chance; as a matter of fact this urinal signaled a break in the history of art.” “Really. Tell me more!”

The first question to ask is: what constitutes our consumption? Is it the purchase of our ticket or what we do afterwards? Yet, the efforts we make socializing with our companions and trying to make sense of what we witness tend to have more of the

character of production. By walking around in that museum, we are realizing values, qualities that are important to us, like friendship and art.

It is the same with the meal that you and your colleagues buy at a restaurant. The meal is an input into the shared good that is the conversation that you are having, your collegiality maybe. It is an ingredient for a social and cultural practice. Accordingly, are you and your colleagues consuming a meal or are you producing a shared practice? It may not be strange to assume that you will stress the production quality over the consumption one. So why should economists continue only to count the expenses of the meal? Why is only the market transaction of economic importance, not the production of something meaningful as knowledge and collegiality?²

The other question to ask McCloskey and others is: what contributes more to our happiness and moral character? The purchase of the ticket and the meal, or what follows? If we agree that the major impact is in what follows, we have concluded that the constitution of our moral character takes place in (O), (S) and (G), the spheres that are largely absent from the picture of McCloskey, Storr and Choi.

6. Further Considerations

The *oikos* is where Aristotle started his exploration of the good life. His *Ethica Nichomachea* is, for what we know, addressed to his son Nichomacheus, to teach him what he needed to know in order to realize a good life. The instructions are about the virtues, about finding the right means among extremes, about the problems with *chrematistike*, the practice of trading with strangers, and the importance of friendship (a topic that occupies a significant part of the book). In his *Theory of Moral Sentiments* ([1759] 1982), Adam Smith explores mainly social practices, trying to figure out what the effects are of the admiration that people have for opulent others, how they incorporate the voice of others in their impartial spectator. It appears that our moral life is nurtured in our *oikos*, and then further developed in our social life, in what Smith called the “great school of self-command.” Some of this comes with age. Moral development mainly takes place in the spheres of the (O), (S), and (C). Young people do not do much yet in (M) and (G), so the argument that (M) moralizes young people in the right way seems farfetched. Storr, Choi, McCloskey have to tell us what impact the market has on our moral development when we are confronted with its logic and practice at later age, when presumably our moral development is more or less completed. It could add discipline, spur entrepreneurial qualities, broaden networks, increase socialization. But what will all this do to our sense of right and wrong, to our generosity, and our willingness to respect the laws of the country?

And how about trust? Storr and Choi point to markets for the generation of trust with the argument that market societies do better overall on trust. But could the source

² For this argument, also see Douglas and Isherwood (1979).

be the *oikos*, as Francis Fukuyama has argued? According to Fukuyama, social trust is lacking when the *oikos* is too strong (1995). When Sicilian families require commitments to the *pater familias* over and above anyone else – God excepted, of course – social, legal, and organizational life easily get compromised. It serves an open society when the *oikos* is focused on preparing and supporting its young members for a life outside of it, for working under the authority of others, and in respecting the laws of the country.

Such support of the *oikos* will also contribute to the strength of social and public institutions like schools, sports clubs, churches, libraries. Much of the moralizing takes place in the practices of such institutions. Just consider the influence of the school yard, the practices of the street, the practices of churches, of scouting, of sports.

7. Conclusion

All I have tried to accomplish here is the insight that the economic perspective will change with a different picture of the world. Adding to Taylor’s representation of the modern social imaginary, and how others have visualized the world besides and beyond the market, I present a perspective with five spheres. I would like to suggest that this broader picture makes more sense of a meal shared with colleagues, or of the role of culture in the economy than a picture in which the market is writ large.

This broader picture furthermore changes the concept of “context.” When we draw the market in the center, as the logic around which the economy revolves, the other spheres are context. When we imagine an *oikos*, a social and a cultural sphere as well, we are compelled to include social and cultural goods and to recognize them as critical for a good life. In such a perspective the market and governmental spheres become the context in which good lives come about. Their logics, their transactions and their rules are merely instrumental for the realizing of important values.

Moreover, the tendency of economists to focus on the role of the government in contrast to the forces of the market, becomes questionable in light of the picture with five spheres. Such a perspective juxtaposes private and public goods but leaves out the most important social and cultural goods as well as common practices.

References

- Boettke, P. J. 2012. *Living Economics: Yesterday, Today and Tomorrow*. Oakland: The Independent Institute.
- Coase, R. H. 1937. “The Nature of the Firm.” *Economica* 4 (16): 386–405.
- Douglas, M. and B. Isherwood. 1979. *The World of Goods: Towards an Anthropology of Consumption*. New York: Basic Books.

- Fukuyama, F. 1995. *Trust: The Social Virtues and the Creation of Prosperity*. New York: Free Press.
- Habermas, J. 1984. *The Theory of Communicative Action: Reason and the Rationalization of Society, vol. 1*. Translated by T. McCarthy. Boston: Beacon Press.
- Hirschman, A. O. 1970. *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*. Cambridge: Harvard University Press.
- Klamer, A. 2017. *Doing the Right Thing: A Value Based Economy*. London: Ubiquity Press.
- Klamer, A. 2019. "Economy and Culture: The Importance of Sense-Making." In *The Oxford Handbook of Ethics and Economics*, edited by M. D. White, 270–90. Oxford: Oxford University Press.
- Klamer, A. and D. N. McCloskey. 1992. "Accounting as the Master Metaphor of Economics." *European Accounting Review* 1 (1): 145–60.
- Kopytoff, I. 1988. "The Cultural Biography of Things: Commoditization as Process." In *The Social Life of Things: Commodities in Cultural Perspective*, edited by A. Appadurai, 64–91. Cambridge: Cambridge University Press.
- Lane, R. E. 1991. *The Market Experience*. Cambridge: Cambridge University Press.
- Luhmann, N. (1984) 1995. *Social Systems*. Translated by J. Bednarz with D. Baecker. Stanford: Stanford University Press.
- McCloskey, D. N. 2006. *The Bourgeois Virtues: Ethics for an Age of Commerce*. Chicago: University of Chicago Press.
- McCloskey, D. N. 2010. *Bourgeois Dignity: Why Economics Can't Explain the Modern World*. Chicago: University of Chicago Press.
- McCloskey, D. N. 2016. *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World*. Chicago: University of Chicago Press.
- Musgrave, R. A. 1959. *The Theory of Public Finance*. New York: McGraw-Hill.
- Ostrom, E. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.
- Polanyi, K. 1944. *The Great Transformation. The Political and Economic Origins of Our Times*. Boston: Beacon Press.
- Smith, A. (1759) 1982. *The Theory of Moral Sentiments*. Indianapolis: Liberty Fund.
- Smith, A. (1776) 1977. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Chicago: University of Chicago Press.
- Storr, V. H. and G. S. Choi. 2019. *Do Markets Corrupt Our Morals?* New York: Palgrave MacMillan.
- Taylor, C. 2003. *Modern Social Imaginaries*. Durham: Duke University Press.
- Zelizer, V. A. (1994) 2005. *The Social Meaning of Money: Pin Money, Paychecks, Poor Relief, and Other Currencies*. Princeton: Princeton University Press.