

**The Place of Conventional Economics
in a World with Communities and Social Goods**

av

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AKADEMISK AVHANDLING

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Paper 1: Should Deliveries of Used Clothes to LDCs Be Supported?

This is the journal version of a study of the worldwide used-clothes trade – with focus on Sweden’s participation in it – undertaken for Sida (the Swedish foreign aid agency). We looked at both theoretical and empirical effects of the commercial used-clothes trade, and at the effects of subsidizing it. We basically concluded that, while markets work, there was no need to subsidize them under normal conditions because – even given the goal of helping the poor – there might well be better uses of the money. There might be an argument for subsidized used-clothes exports in dealing with an emergency where supply had broken down, but even then most NGOs prefer to supply new clothes.

Paper 2: A Model of Dynamic Balance Among the Three Spheres of Society – Markets, Governments, and Communities – Applied to Understanding the Relative Importance of Social Capital and Social Goods

This paper revisits old questions of the proper subject and bounds of economics: Does economics study “provisioning”? or markets? or a method of reasoning, self-interested rational optimization? A variety of scholars and others in many fields make use of a taxonomy of society consisting of three “spheres”: markets, governments, and communities. It is argued here that this tripartite taxonomy of society is fundamental and exhaustive. A variety of ways of understanding this taxonomy are explored, especially Fiske’s (1991, 2004) Relational Models theory. Then – after communities and their products, social goods, are defined more thoroughly – a visual model of interactions among the three spheres is presented. The model is first used briefly to understand the historical development of markets. The model is then applied to understanding how economic thinking and market ideology, including the notion of social capital, can be destructive of communities and their production of social goods (and their production of social capital as well). It’s not possible to measure these effects monetarily, so calculating precisely “how this affects results” in a standard economic model is impossible. Nevertheless we could better prepare students for real-world analysis, and better serve our clients, including the public, if – whenever relevant, such as in textbook introductions and in benefit/cost analyses – we made them aware of the limitations of economic analysis with respect to communities and social goods. The three-spheres model offered here, based on Fiske’s Relational Models theory, facilitates this awareness.

Paper 3: Assumption without Representation: The Unacknowledged Abstraction from Communities and Social Goods

This paper repeats a lot of the same information and argument as in Paper 2, in abbreviated form, before exploring the multitude of methodological problems caused by the unacknowledged abstraction from communities and social goods and suggesting remedies, as well as benefits to be derived from applying those remedies.

Paper 4: Markets, Governments – and Communities!

This paper again repeats a lot before exploring *how* the unacknowledged abstraction from communities and social goods occurred, various ways in which it can be understood, and again the problems it causes, possible remedies, and their benefits.

Keywords: Assumptions; communities; general equilibrium; meta-economic efficiency; relational models theory; separability; social capital; social goods; social sphere; three spheres; universal markets; used clothes.

JEL codes: A12, A13, B52, D20, F13, H1, O2, P0, Z1, Z13.

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