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Ethics as a Topic of Economic Inquiry: The Social-Theoretic Context

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Abstract
In ordering different fields of scholarly inquiry, ethics is commonly thought to be independent of economics, with ethical principles standing in judgment of economizing actions. In contrast, we explore a line of thought in which ethics, politics, and commerce all emerge simultaneously within the same social order. Principles of economizing action are ubiquitous; however, those principles can manifest in different substantive contexts. Ethics is commonly pursued from a normative point of view in which theorists advance principles that constitute their visions of goodness. In contrast, we pursue ethics as a social science, the substance of which emerges through the efforts of people to fashion arrangements for living together in geographical proximity. Within this alternative analytical framework, principles of ethics and of political economy are both emergent features of human interaction within social systems in which standards of desirability are likewise emergent outputs of those systems.

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It is conventional to treat ethics and economics as independent objects of inquiry, with ethics typically regarded as concerned with norms while economics is concerned with scientific explanation. Michael Sandel's (2012) *What Money Can't Buy* illustrates crisply this independence. There, Sandel presents a boundary that separates the world of transactions into those he thinks should be allowed and those he thinks should be prohibited. As for why he locates the boundary where he does, he appeals mostly to ethical intuitions, though he also offers some allusions to social desirability. Sandel (2012) is a luminous illustration of a common attitude about ethics: ethical statements are stipulated as objects to which we should conform because of what the *speaker* or *writer* perceives as their intuitively obvious character.

Georg Simmel's ([1900] 1990) *Philosophy of Money* is a treatise that examines the same boundary between desirable and undesirable conduct that Sandel examines, only Simmel proceeds within an explanatory mode of analysis. Simmel opens his treatise by asserting that "not a single word in this book is about economics," though Simmel has received attention from a few economists (Dietz 2013; Frankel 1977; Laidler and Rowe 1980; Wagner 2000). Simmel is theorizing about ethics as a social scientist, as we seek to do here. Rather than stipulating boundaries between desirable and undesirable conduct, Simmel observes that such boundaries are present within the various arenas of human practice, and he seeks to uncover the hidden pattern of beliefs that renders intelligible those patterns of practice. Simmel recognizes that all societies contain patterns of ethical belief and of economic practice and seeks to bring both into the explanatory ambit of his philosophy of money.

Also notable in this respect is Leland Yeager's (2002) *Ethics as Social Science: The Moral Philosophy of Social Cooperation*. Yeager's title suggests a treatment similar in spirit and intention to Simmel ([1900] 1990), though Yeager cites Simmel only once, and indirectly. However, Yeager's subtitle indicates a focus on moral philosophy not as an emergent product of social interaction but as offering principles that could promote social cooperation. Hence, Yeager ultimately is closer in intention to Sandel than to Simmel. In contrast to Yeager, we pursue Simmel's effort to explain the rhyme and reason of the social world in which moral beliefs and commercial patterns are nonseparable outputs of that social world.

In this respect we take significant analytical bearings from systems theory (Bertalanffy 1968; Laszlo 1996) and not from the theory of competitive equilibrium, in contrast to Yeager. This difference in theoretical framework is significant when construing the relation between ethics and economics. Most economists start at the macrolevel of the system and deduce system properties through a top-down logic, as illustrated by such comparisons as that between liberalism and socialism. In contrast, we start at the microlevel of action and interaction and proceed through a bottom-up logic, with system characteristics and phenomena emerging within an ecology of transactions. It is surely notable in this respect that there was never any adoption of a liberal constitutional order during the late eighteenth and early nineteenth centuries. Rather, feudalism gave way by pieces throughout the West to what eventually became interpreted as a generally liberal order, though this movement from status-based relationships to contract-based relationships was never complete and Henry Maine (1861) averred that that movement appeared to be ceasing.

An example of this divergence of top-down and bottom-up approaches is evident in the work of Friedrich Hayek and Frank Knight—two of the most prominent theorists of liberal social order of the twentieth century—despite their common liberal identification. That divergence, as Ross Emmett (2006) explains, reflects their differing explanatory orientations, which is pertinent to our effort here. Despite Hayek's well-noted interest in social evolution, he always thought comparatively in terms of such systemic properties as liberalism and socialism. In this manner, Hayek thought of societies as reflecting some identifiable pattern of social life. In contrast, and despite his canonical articulation of the theory of competitive equilibrium, Knight always thought analysis should start from particular questions and problems and not from general abstractions. Knight's mode of thinking reflects, as does ours, the recognition of James Coleman (1990, p. 28) in his *Foundations of Social Theory* that "the only action takes place at the level of individual actors, and the 'system level' exists solely as emergent properties characterizing the system of action as a whole." While Knight did not explain his objection to Hayek in this fashion, Coleman's analysis of the emergence of macro patterns out of microlevel interactions supports Knight's orientation all the same.

Similarly to Simmel and Knight, we seek to theorize in terms of the emergence of system properties through interaction among differently situated agents within different *institutions*. Two theorists who are of particular significance for our effort are Norbert Elias ([1939] 1982) and Bruno Latour (2005). Elias ([1939] 1982), in *The Civilizing Process*, recognized that the adults who populate our theories arrive at adulthood through a civilizing process that begins in infancy. Through that process, moral imaginations are created. It is a mistake, however, to think in terms of some uniform moral imagination within a society. Many such imaginations are surely in play, with the manifold quality of those imaginations reflecting such things as differences in patterns of moral instruction throughout a society and differences in patterns of social interaction and the types of learning that thereby occur, to say nothing of possibly relevant genetic differences among people.

Latour (2005) objects to analytical treatments of society as some fixed environment on which people act. In *Reassembling the Social: An Introduction to Actor-Network Theory*, Latour describes societies as processes and not as environments; moreover, societies are processes riven with controversy and conflict, and they are continually being reassembled as one controversy is resolved and gives way to another. If we ask what is being reassembled, we will surely find that ethical presuppositions are among those objects, as we seek to explore and uncover in this paper. Among other things, it will become clear that there are no predetermined equilibrium moral orders. Ethical systems do not have any inherent goodness, as distinct from goodness arising through a process of emergence through the actions and interactions of the *people on the ground*, given the institutions within which they act (Buchanan 1982). Conflict, too, and not simply cooperation, can be deemed ethical by the people on the ground in different times and places. Indeed, cooperation and conflict are two sides of the same coin as Simmel ([1955] 2010) and Hirshleifer (2001) explain.

We seek to explain how ethical principles emerge through the different civilizing processes (Elias [1939] 1982) that are manifest throughout large societies. Such processes take place through the interactions of competing moral imaginations of people living together in proximity. Indeed, individuals are situated inside environments in which they unavoidably navigate an ecology of I-We relationships (Elias [1939] 1991). While individuals act based on their moral imaginations, those imaginations have their inception within the civilizing processes inside which they participate. Humans are social creatures, and a significant number of their actions are directed at connecting with other people, as the anthropologist Mary Douglas (1979) explains in her examination of patterns of consumption in *The World of Goods*. Those imaginations, moreover, can also conflict through the competitive search for proverbial places in the sun.

I. Reflecting on A. B. Schmookler's *Parable of the Tribes*

Andrew Bard Schmookler's (1984) *Parable of the Tribes: The Problem of Power in Social Evolution* provides a useful point of entry into our exploration of ethics as an emergent product of social interaction inside a networked system of social interaction. Schmookler starts from tribes and not from individuals, just as do Simmel, Elias, and Latour, recognizing that the prime analytical problem is not to explain the creation of society out of some nonsocietal state of existence because so far as we know there has never existed any nonsocial mode of existence. To the contrary, the prime analytical problem is surely to explain how societies maintain themselves through time in the face of changing circumstances of many types. Among those circumstances are increasing population densities, changes in weaponry, changes in modes of communication and transportation, and a parade of technological and organizational inventions. Through these kinds of changes and many more, humans continue to live together in geographical proximity, and in the process they develop ethical principles along with patterns of social organization. These principles and patterns are all topics to be brought within the purview of an explanatory theory of social organization.

Schmookler's narrative begins at some long-ago time when land was plentiful and life among tribes was generally peaceful. As tribes grew much beyond a hundred or so members, the increasing cost of achieving coordination among the members of the tribe led to tribal division. This division was rendered possible by the plentifulness of land. The presence of an open frontier held scarcity-induced conflict in check. In this respect, Schmookler's analytical point of departure echoes Rousseau's embrace of the image of a noble savage. What is of especial significance about Schmookler's formulation, however, is not its contribution to anthropology and archaeology—which may be minimal—but rather the orientation it offers for understanding the long-ago transition from a generally peaceful social reality to one riven with both conflict and trade, which is our contemporary world. For Schmookler, what could have been contests for leadership within tribes were avoided through fragmentation, which allowed for the creation of new chiefs. Schmookler's focus on fragmentation enabled Schmookler to develop his theme of how a pastoral life of peaceful existence gave way to modern states, war, and the like. What is especially notable about Schmookler's narrative for our analytical purposes is his starting with communal living rather than with individuals living alone and subsequently forming societies.

As populations grew and as societies became geographically rooted, experimentation and invention generated new techniques, occupations, and societal forms. A civilizing process in a society with a hundred members who all pursued similar activities surely worked to a different effect than those in much larger societies in which there is typically but modest commonality among members outside of language and possibly religion. Social consensus might have seemed almost natural within those ancient tribal societies. In contrast, such consensus surely has no such natural appearance within contemporary societies. By no means does the resulting expanded place for social conflict render such conflict destructive, as Lewis Coser (1964) explains in *The Functions of Social Conflict*. Coser draws heavily upon Georg Simmel in seeking to understand the emergence of conflict and to identify the service that such conflict can perform as a form of communication within those societies. Economists often state that talk is cheap, which suggests that the value of talk should be discounted. Talk that takes the form of conflict, by contrast, is not cheap.

How do such changes in conflict and cooperation occur? Some economists explain these changes as resulting from exogenous changes in either transaction costs or relative prices. For example, Demsetz (1967) argues that because of increasing scarcity of animals, tribes and traders established property rights in order to trade and deal with scarcity. Property rights, however, are not merely a result of an exogenous should, but rather are an emergent phenomenon that stems from social interaction. Seeing property rights as the result of an exogenous shock might be fine for *homo economicus*, but *homo agens* does not merely react to scarcity. To the contrary, humans qua humans act in the presence of increasing scarcity in light of their particular valuations (Buchanan 1969). Sometimes this means an individual might engage in conflict; other times he or she might cooperate or acquiesce. Even so, other times the individual might even take a leap of faith, which can prove sometimes to be effective and other times wasteful.

The point is that such choices and actions are based on personal moral imaginations—*what someone finds ethically permissible to do in order to remove uneasiness*. This is just one of the many ways ethics overlaps with economics. It is through interactions among people with their valuations and moral imaginations that such phenomena as prices and property rights emerge and change. This also describes the pattern of interaction through which abstract rules of just conduct develop (Hayek 1979). To be sure, such abstract rules are never fully agreed upon. Systemic properties are never chosen but rather emerge through interactions among the participants inside those systems (Laszlo 1996). Thus, those properties can be contested and typically change through piecemeal evolution. In other words, these interactions among moral imaginations elicit a civilizing process of ethics in different societies over time. It is through this civilizing process that people on the ground determine what is good relative to what is bad, as reflected in Nietzsche's ([1887] 1967) *Genealogy of Morals*, in which he distinguishes between master and slave moralities. Hence, our analytical emphasis rests on *changing* moral imaginations and how these changing moral imaginations interact over time. But how do such moral imaginations come into existence in the first place?

II. The Psychogenesis of an Individual in Society: From Infancy to Adulthood

Economic theories are populated with adults, for it is adults who are the sources of consumer demand, labor supply, management, entrepreneurship, governance, and the like and who take their repertoires of action into the social economy. Those repertoires are generated through what Norbert Elias ([1939] 1982) identifies as a civilizing process. By this process, Elias refers to the entire set of activities between infancy and adulthood, with adulthood not defined by some arbitrary age but as the point in their lives when people come to exercise the practices of adulthood. Actually, the move from infancy to adulthood is gradual and not discrete, but we take the simplifying step of thinking in terms of a discrete transition.

For the argument of this paper, it is through such a civilizing process that takes place from infancy to adulthood that moral imaginations are molded and change. Indeed, we must start with the recognition that humans as biological creatures are genetically highly variable and not remotely identical beyond a few features that are directly observable. While this is not a paper on psychology, it illustrates our point to note that the Myers-Briggs formulation places humans into sixteen discrete categories based on differences in the operation of their mental apparatus. Bryan Caplan (2003) explains the significance of preference-based explanations in economics in contrast to the Stigler and Becker (1977) argument that such explanations are vacuous. Simple inspection of those categories is consistent with two stylized facts of societal living together: (1) those differences provide much scope for cooperation, and (2) they also provide much scope for conflict. Beyond this simple Myers-Briggs formulation, moreover, it is well recognized that humans differ along such dimensions of social interaction as their willingness to cooperate versus their desire to dominate and in their gregariousness relative to their desire for solitude. The extent to which these features of humanity are biological or social is an open question, though the significance of biology in accounting for human differences is not an open question. In speaking of a civilizing process, care must be taken to avoid reducing that process to any simple act of imprinting some particular pattern of action on the subjects of that process. We can recognize that adults have had their repertoires of action influenced by a civilizing process while recognizing that human minds do not resemble blank slates (Pinker 2002).

Most models of political economy assume that adults are willing participants in a market economy or in administering the administrative shell of a supporting protective state (Buchanan 1975; Jacobs 1992). However, these models are fashioned inside a presumed social consensus that a market economy is the normal mode of social organization and with a protective state serving to maintain that mode of organization. This mode of theorizing reflects an equilibrium-centric approach to society. In contrast, we pursue an open-ended mode of theorizing (Devereaux and Wagner 2020). To do this requires embrace of a conceptual framework in which maintenance or dissolution of a social order is an output of an evolutionary process and not an assumption of a model. Hence, we incorporate a civilizing process into our model not because we seek to say something informative about the nature-nurture dichotomy, for we do not, but because we want to say something informative about internally generated sources of societal creation and disruption.

Any model of a civilizing process must hold as its objective a characterization of the mental and emotional transformation that infants undergo as they transition to adulthood. At this point we face one of the myriad analytical forks that appear in the theoretical road. For this particular theoretical fork, one branch points in the direction of some uniform vision of the end product such as a universal acceptance of a market ethos. The alternative branch reveals a multiplicity of visions of human conduct generated by that civilizing process, including an enthusiastic embrace of free markets, skepticism about the beneficent quality of market-based societies, and antagonism toward privately amassed sources of wealth. The analytical challenge in any case is to leave the menu of orientations as an outcome of those civilizing processes rather than a quality that is stipulated in advance, as in Sandel (2012).

To take this alternative and less traveled path, we must start with human action and interaction. While humans are born into groups, we cannot simply take groups as data. Building off Latour (2005), we must allow these groups to form and be reformed through interactions among individuals. This type of analytical exercise helps us to understand how groups emerge and evolve because of changes in individual action and interaction. Indeed, we see society not as some constant or static "it" but as a process that constantly evolves over time because of the different actions and patterns of interaction among individuals.

As mentioned in the previous section, these actions and interactions start with moral imaginations; however, individuals are not born with moral imaginations, nor are they born with minds resembling blank slates (Pinker 2002). Rather, they develop moral imaginations over time in a civilizing process that starts in infancy. In this respect, it is the civilizing process through which an individual's mind emerges with respect to content. To theorize about individual moral imaginations, we make use of Elias's discussion of an individual's psychogenesis, for it is through such psychogenesis that moral imaginations form.

How moral imaginations form, however, depends on the environment in which one lives. The same infant born into different environments will elicit different moral imaginations. Indeed, such a notion is reminiscent of Adam Smith's quip about the difference between a philosopher and a street porter being their social upbringing (Levy and Peart 2008). Such an environment is not merely physical, for it is defined not just by an infant's relation to his or her parents but also by relations of family and community. Hence, the relevant environment is a structured network of social relationships that denotes the start of the civilizing process for an individual.

At its most formal and abstract level, the civilizing process that accompanies infants on their journey to adulthood leaves those newly formed adults with a sense of place within the world they are inhabiting, aspirations for themselves going forward, and some repertoire of means and methods for conducting themselves in the world. The early years of childhood are mostly arranged by parents, during the middle years educators acquire increased significance, and during the final years peer-to-peer relationships and interactions come into the foreground. As to what lessons might be instilled in these different stages, no universal template exists because this is a setting in which context is especially significant. It is possible to advance statements about the form that various civilizing processes take, but the real work done through those processes concerns the substantive repertoires of action that individuals acquire through the particular processes in which they participate.

Parents can differ among themselves in the attitudes and orientations they project forward onto their children. Some can project a sense of energy, accomplishment, and generosity toward the world. Others can project lassitude, shiftlessness, and hostility toward the world. Some might manifest their projections by reading progressively more challenging stories of accomplishment as the children age. Others might do so by using television as an instrument for entertaining children or by ignoring the development of children. During the age of schooling, schools can differ hugely in the challenges they offer to students and also in the abilities of teachers to administer such challenges. As peer-to-peer relationships become more significant, much depends on the identities of the peers and their various orientations toward themselves and the worlds they perceive. Such a fact becomes even more evident as individuals enter into employment because employment also plays a role in development of moral imaginations.

It is plausible to start by recognizing that some structures of social relationships induce less individuation and more conformity. Indeed, the structure of relationships within which an individual is raised creates a struggle not only among individuals but also within an individual ([1939] 1982, p. 375). Among other things, the structure of relationships shapes an individual's consciousness and instinctual drives (Elias [1939] 1991, p. 26). In some relational settings, individuals must suppress their individuality or differences lest they face hostility. In other settings, it is a virtue to be different. The same could be said for the extent to which instincts are suppressed.

The preceding discussion of a civilizing process leads into inquiry of how such environments accomplish such civilizing within an individual. Here is where a theory of mind becomes relevant. We are not psychologists, nor do we aspire to be so. All the same, there is some benefit in touching upon theories of mind when discussing human action. While such scholars as McCabe et al. (2001) make this point using fMRI data, we take insights from Hayek (1952) to do the same. Specifically, Hayek describes how stimuli in an individual's environment can change the relations within one's mind. These stimuli do not create any relations per se; rather they induce a response that causes the individual to discover these relations in his or her mind.

As Hayek discusses, these stimuli cause different dispositions or classes of action to be elicited by the individual. Consider, for example, a person's first placement of a hand on or near a hot stove. That stimulus causes the brain to activate the connection that touching a hot surface can induce pain. In this manner, these stimuli help us create abstract categories when we come into contact with similar things in the future. The more stimuli the person encounters, the more structural relations their mind activates. This simple example can be extrapolated to other stimuli in social environments. These various stimuli in the external environment elicit different kinds of dispositions and actions within a civilizing process. In this respect, a town might present fewer stimuli than a city—with towns and cities viewed as ideal-typical environments—recognizing that some individuals raised in towns confront richer environments than some individuals raised in cities.

Adaptation is a formal feature of any evolutionary process. The substantive content or impact of any such adaptation resides in the relation between thoughts and deeds (Ostrom 1997). Moral orders are internalized through language. At this point we turn to Pareto's (1915 [1935]) distinction between logical and nonlogical action. Logical action in Pareto's framework pertains to deeds in Ostrom's framework. In contrast, nonlogical action pertains to thoughts disconnected from deeds. In standard accounts of rational choice, individuals act in response to perceived incentives, which in a purely hedonistic setting are conveyed by prices. Outside pure hedonism, moral values also shape incentives (Buchanan 1969). Pareto recognized that humans sometimes act inside logical environments in which deeds occupy the foreground of action while at other times they act inside nonlogical environments in which talk occupies the foreground. Bruce Yandle's (1983) model of Baptists and bootleggers reflects the relation between thoughts and deeds and the playing out of this relation. In Yandle's model, Baptists engage in the articulation of thoughts about temperance, to which bootleggers respond by selling whiskey where and when open sales are prohibited.

III. Group Living and Competition through Entrepreneurship

Within the alternative scheme of thought that we have set forth here, the expansion in the extent of public ordering relative to private ordering over the past century or so must be attributed to interaction among the various civilizing processes at work within any society. Societies today are becoming more populated. Whereas there were homogeneous societies in tribal days, this is not the case in our age. Societies are becoming increasingly mixed, illustrating what is an effective shrinking of the globe. Numerous scholars have sought to explain the formation of groups as a product of seeking to reduce transaction costs. While we accept the proposition that a reduction in transaction cost can be a significant source of economic gain, we nonetheless dispute the presumption that you can arrive at a reasonable theory of society by starting from the presumption that the world is initially constituted of solipsistic individuals. To the contrary, there is surely something natural in human groupings that transcends claims about transaction costs. Humans are a type of pack animal that has consciousness and self-reflection.

To be sure, packs or groups do not act; only individuals act. Accordingly, only individuals have the ability to imagine ourselves as living individually and choosing at will to form communities. To exercise an act of imagination does not by itself testify to the reality of that exercise. People are social creatures who want to belong to groups and stand for something in which they believe. This sense of belonging gives people dignity, a sense of vocation or status. Accordingly, individuals can join groups in order to economize or remove uneasiness of feeling indignant or lacking belonging. Underlying that need to remove uneasiness, people join groups because according to their moral imaginations—and in turn because of their own civilizing processes—such an act of joining the group will help them remove uneasiness.

Individuals can enter or exit some of these groups, depending on how they perceive these groups with respect to satisfying their moral imaginations. As this happens, there is a reshuffling of the structure and network of relationships, which also elicits change in society. Group leaders and members realize that if they lose enough members the group will not continue. This recognition leads groups to compete for members. There are two generic forms of competition: cooperation and conflict. As a substantive matter, we can dive deeper into this topic by asking what acts of competition expand appeal to individuals.

Groups must compete with one another for members. There are entrepreneurs in different groups who assume the role and task of leading such groups in seeking members. These entrepreneurs seek to exploit profit opportunities by removing uneasiness for their members. While all humans might have an innate entrepreneurial ability to be alert to these profit opportunities, this alertness seems to differ among individuals (Kirzner 1973). While most literature on entrepreneurship focuses on monetary profit, we seek to provide a broader orientation toward entrepreneurship that includes nonmonetized forms of gain. Indeed, Buchanan (1969) links profit to subjective valuations of alternative actions that need not be pecuniary. It is moral imaginations that drive and determine these valuations. In this respect, what moral imaginations are formed and unleashed depends on the environment in which one lives.

Entrepreneurs will be alert to these moral imaginations and will try to discover profit opportunities to more effectively remove the uneasiness that their targeted audiences might feel. In environments in which there are relatively few connections between outcomes and actions, people are more prone to rely on emotions. Accordingly, entrepreneurs will seek profit by creating slogans, myths, and the like to tug at those emotions. By contrast, in environments in which there are relatively more connections between outcomes and actions, people are more prone to rely on logic or reason. Entrepreneurs must thus seek profit through providing results based on logic. Looking at contemporary systems of entangled political economy (Wagner 2016; Novak 2018), which contain not homogeneous tribes but a legion of different types of people, both types of entrepreneur are living together in proximity. For groups to survive, both types of entrepreneur must continually compete for the moral imaginations of people at all times.

As the previous section mentioned, there is a psychogenetic process that occurs in each individual that starts from infancy. Such a process is a constant struggle within the person of trying to balance both reason and sentiment, depending on his or her environment. The moral imagination of a person is thus susceptible to being molded depending on time and place. Entrepreneurs recognize this and try to cater their messages to swaying individuals to unleash the moral imagination that furthers the entrepreneur's cause. Accordingly, with more entrepreneurs of different ethical convictions present in a social economy, an individual faces more of this struggle of moral imagination within him- or herself.

Some entrepreneurs, moreover, might even hope to capture people whose moral imaginations might not fit within their group in hopes of changing those persons' minds. Such reasoning leads us to understand how different groups might come together who used to be enemies. For example, despite the tensions between conservatives and classical liberals in the nineteenth century, the two groups came together under the common ideology and slogan of liberty in the twentieth century as Hayek (1960) describes.

Likewise, such reasoning leads us to understand the dynamics of in-group versus out-group that occur. Public entrepreneurs typically create a common enemy, as doing so elicits emotions that can create a common bond. Specifically, Simmel ([1955] 2010) discusses how jealousy can create social relations. Simmel distinguishes jealousy from envy, as the latter is a feeling of possession while the former is a feeling about the person in relation to a possession. Additionally, Simmel explains how jealousy can provide a dual function in social relations: it can bind individuals in a group when they perceive a common injustice being done to them, and it can cause other individuals to form their own associations and groups in retaliation or purely to have a voice. In other words, jealousy is what effectively provides the relations of in-group versus out-group we see among many different groups.

This section has explored how individuals shuffle among groups based on the competition among groups that is provoked by entrepreneurial action. This competition is really just an array of interactions among individuals and their moral imaginations. Through entrepreneurship, there are constant interactions among moral imaginations through which emerges a broader ethic on the macrosocietal scale. Elias ([1939] 1982) discusses some examples of these in the form of such etiquette rules as table manners. But these can also be extrapolated to such ethical norms as unspoken traffic rules. They could also determine what types of goods and services are primarily produced and provided in the public or private sector. For example, at one point, education norms held that education was to be primarily provided by the private sector. Now, however, education norms hold that public schooling is sacrosanct and charter schools or vouchers for private schooling are evil. To be sure, these abstract rules are never stagnant because entrepreneurship and competition are ubiquitous and never scarce, which keeps the civilizing process continually in motion.

Throughout all this discussion, however, one significant analytical aspect has been left implicit: the role of politics. Entrepreneurs trying to compete for people's moral imaginations are surely likely to recognize that with some element of force they might be able to survive longer and more robustly. The polity or the state, having been seen as holding a monopoly over the use of force, in most people's moral imaginations can provide such force that can protect the positions of certain groups against what otherwise might be competitively induced entropy. This creates a symbiotic relationship between the polity and particular groups because of the way in which a polity might shape moral imaginations.

IV. Entangled Political Economy and the Private-Public Divide

Walter Eucken ([1952] 1990) advanced the seminal statement of what has become known as the Germanic theory of order (*ordnungstheorie*). This paper reflects a similar framework for theorizing about social order that can be traced directly to Eucken and also to Georg Simmel

([1900] 1990). As we noted to start the paper, we seek to treat ethics not as normative intuition and exhortation but as emergent outcomes from systems of social interaction, recognizing that norms and values are societal features that emerge out of the challenges and opportunities that stem from the needs of people to live well together in relatively close geographical confinement. Hence, societies are analytical objects that are constituted through ordered relationships among the individuals who constitute a society. Those individual mentalities entail both reason and sentiment, with sentiment being prior to reason in recognition of the reality that what the mind thinks about must first be nominated to it by sentiment, what Dennett (1978) conceptualized as a "consideration generator."

It is an unnecessary act of reductionism and embrace of materialist philosophy to treat consumption as the end of economic activity. Sure, some modicum of consumption is necessary to maintain life. But we now live well beyond that modicum. Even those classified as poor among us live with air conditioning, indoor plumbing, color TV, and smart phones. As Mary Douglas (1979) recognizes, consumption is an aspect of how we live together in society. There is, however, no uniform way of living together, which suggests in turn that there is room for disputation about desirable ways of living together. Mental states are as much subject to conceptual analysis as are modes of economic organization. Within the framework of the Eucken-inspired theory of order, we can distinguish among moral, legal, and economic orders. In abstract fashion, this recognition maps onto the trichotomy of ethics-law-economics.

As Eucken ([1952] 1990) recognizes, a market form of economic order for a society rests upon a legal order characterized by the arrangements of private property, freedom of contract, and personal liability for the value consequences of actions. A society in which human interactions are governed by that legal triumvirate will be one in which the theory of markets characterizes the economic organization of society. For that legal order to govern a society, it must be congruent with the moral sentiments alive within the society. That legal order can, in other words, be translated into a set of complementary ethical principles. For instance, the principle of private property can be expressed by the principle of avoiding taking what is not yours. The principle of freedom of contract can be expressed by such principles as keeping your promise unless you secure agreement to abandon the commitment. The principle of liability can be expressed by such principles as making good the wrongs you do to others. A society in which moral sentiments that take this form prevail will be a private-law society, which in turn will generate the pattern of human interactions we denote as a market economy.

The theory of order immediately brings up issues concerning the place of collectively sponsored activity. At this point, Eucken introduced the principle of market conformability as a constitutive principle. That principle did not prevent collective action to address problems that were sensed to be incapable of being addressed effectively through market interaction. The theory of order allows collective action, but it requires that action to be conformable with the operating principles of a market economy. This principle is easy enough to articulate, but no principle can implement itself. Implementation of any principle requires action by particular people within a society, and here we touch upon willfulness and ideology.

To address this relationship, consider Richard Epstein's 1985 book, *Takings: Private Property and Eminent Domain*. Epstein construes the takings clause of the Fifth Amendment as an effort to perform what is effectively a squaring of the circle. Epstein starts with recognition that the Constitution allows takings of land that serve a valid public purpose and imposes two external constraints on such takings to promote public over private purpose: (1) a reasonable public purpose must be served, and (2) just compensation must be given. No constitution, however, can enforce itself, because enforcement is always an activity of enforcing agents. According to Epstein's gloss, the Fifth Amendment recognizes that public law takes its bearings from private law. All the same, the analytical significance of Charles Warren's (1932) *Congress as Santa Claus* is its recognition that by 1932 the United States had pretty much completed a transformation in which public law had moved from a state of subordination to private law to a state of equality to, if not superiority over, private law. Where the general-welfare clause had once been viewed as limiting the range of congressional appropriation, by the 1930s it no longer did that because Congress had pretty much attained plenary authority to determine the meaning of the general welfare rather than being subservient to general welfare as some external standard.

Suppose we take norms or normativity as reflections of central tendencies within a society. In a world in which "don't take what is not yours" is a strongly held view, takings might not receive legislative support. This fits with Warren's narrative. Warren's narrative also included a history of proposed appropriations for private benefit that were continually rejected in Congress, though by decreasing margins as the years passed. As the nineteenth century was ending, Congress passed such a piece of legislation only to have President Cleveland veto it. However, by the time Franklin Roosevelt became president, such legislation was no longer vetoed, and Congress was no longer limited by the general-welfare clause because Congress was the arena inside of which the general welfare was determined. This change in the general-welfare interpretation translated into a change in the central tendency within society at that time. Rather than a central tendency around a norm of "don't take what is not yours," the central tendency began to evolve and include various exceptions for certain public purposes that were previously disallowed. Indeed, over the years, the central tendencies within societies have fluctuated—sometimes toward the norm "don't take what is not yours," and other times away from such a norm as Murray ([1988] 2013) illustrates. This fluctuation illustrates the civilizing process and its relation to the ethics-law-economics trichotomy we have described here crisply.

V. Conclusion

As we noted to start this paper, we do not treat ethics as normative intuition and exhortation while treating political economy as positive analysis. To the contrary, we treat social organization from an economic-theoretic orientation while recognizing that norms and values are societal features that emerge out of the challenges and opportunities that stem from the needs of people to live well together in relatively close geographical confinement. Hence, societies are analytical objects that are constituted through ordered relationships among the individuals who constitute a society.

Those individual mentalities entail both reason and sentiment, with sentiment being prior to reason in recognition of the reality that what the mind thinks about must first be nominated to it by sentiment, what Dennett (1978) conceptualized as a "consideration generator." These mentalities undergo processes of psychogenesis over time, differently in different individuals. The interactions of psychogenetic processes elicit a civilizing process of norms and values that are further open to contestation, depending on the relational structures in place at specific times and places.

There are several open questions left in this paper. First, how do political actions impact moral imaginations and civilizing processes overall? While the two examples of unions and education mentioned above point to a parasitical feature within a civilizing process framed by the simultaneous presence of both private and public ordering of human activity, this needn't be some universal reality. To the contrary, it is imaginable that civilizing processes can operate to mutualistic effect in some conditions and parasitical effect in others. All the same, the question whether there are any laws or patterns for civilizing processes is still a significant question.

Additionally, this aforementioned question is relevant for the literature regarding constitutional political economy. While most theorists who have developed this literature seek to imagine some constitutional moment, we suggest that there are no such moments. Rather, constitutions necessarily are living constitutions that can exist only partially on parchment because they reside mostly inside people's moral imaginations along the lines that Runst and Wagner (2011) set forth. This paper extends the analysis of Runst and Wagner by exploring how moral imaginations might be formed through action more than explicit instruction. It is an open question whether Hayek's ([1974] 1989, 1973–79) call to use legislation to cultivate an environment for liberty is possible. To do so would require the ability to make pattern predictions of how such legislation would impact civilizing processes. Until we know whether and how such laws can be formulated, such a task seems to entail putting the cart in front of the horse. Nonetheless, this paper seeks to help develop an analytical framework that might eventually create a theoretical orientation capable of addressing such a question.

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