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Academic Excellence or Policy Relevance: towards a Reconciliation?

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Academic Excellence or Policy Relevance: towards a reconciliation?

I. Introduction - the nature of the Problem and the nature of the possible Solution

Commenting on and summarising the proceedings of the 23rd. IAAE Conference, Michelle Petit noted that "in the economics of policy and institutional change, there is a widening gap between academic excellence and social relevance." The 24th. Conference in Berlin in 2000 is particularly apposite for re-consideration of this critical problem.

The 'world common model' of liberal free-trading economies, coupled with universal suffrage and democracy, and with its associated common law, might now seem incontestable - the end of history? (Fukuyama, 1992, 1995a). The profession largely subscribes to this model. Yet the policies and policy recommendations of the common model are frequently judged unacceptable by the political machinery of democratic control. Still less are they thought acceptable by the fragmented politics of many special interests or socio-environmental concerns. Examples include virtually all of the live policy issues: farm policy reform; food health and safety regulation; trade restrictions and competition regulation; environmental protection; rural development; climate change amelioration. Policy relevance is thus required to be different from and more inclusive than typical academic excellence. In simple terms, our capacity for excellent rigour seems mostly inapplicable to our requirements for policy realism.

Furthermore, it has never been true that agricultural or applied economics has had a monopoly of policy analysis and advice, or of the associated training and research fora. But it is now the case that neoclassical economics faces very considerable challenge from a variety of companion or competitive disciplines, both in training and research, and in policy analysis and advice. Neither our students nor our social science and humanitarian colleagues are necessarily convinced of the supremacy and natural authority of the scientific method or neoclassical logic, and hence of the theoretical underpinnings of the common model. Post-modernism is rife, whatever else it is.

As Tweeten & Zulauf (1999) remark: "postmodernism is the antithesis of the Anglo-American analytical thesis." At the risk of both annoying committed post-modernists, and of attempting the impossible, a brief caricature of the postmodern position is that <u>all</u> so-called realities or truths are necessarily social constructs. As such, these constructs are inevitably and continually debated, contested, de-constructed and re-constructed. The common model itself, from this perspective, is nothing more than a social construct - to be contested and debated. Furthermore, the rules and conventions according to which the contests are to be judged and the debates governed are also social constructs. In the end, we have rhetoric and persuasion (or coercion and oppression), not analysis and conviction.

Policy, though, can generally be described as seeking to generate a consensus for and pattern of social authority. Policy, therefore, is the outcome of debate, discourse, and conceptual contests, and is thus aimed at generating consensual opinion. So long as the common model does not command universal assent, any successful policy must also be based on a synthesis between the postmodern antithesis and the common-model thesis. As Tweeten and Zulauf (*ibid.*) go on: "Out of the dialectical synthesis, however, an enriched new philosophy of science could, and we believe, will emerge." Quite so. This paper seeks to outline the nature of a possible synthesis.

The foundations of synthesis - the nature of social truth

Any consensus or synthesis must necessarily imply a story of the way the world works - a 'metanarrative', to borrow the term for the thing whose objective existence postmodernism denies (see, e.g. Midmore, 1996). It is this metanarrative which provides policy with its coherence and legitimacy (or not). Any sustainable story is necessarily founded on these basic ideas and acceptances of our 'social truths'. These truths are North's institutions (North, 1990) - the codes, disciplines and understandings which we and our societies accept as the arbiters of our behaviours and actions.

Reference to the philosophical literature on the reasonable grounds for truth strongly suggests that there are only four fundamental foundations or axes to these social truths (e.g, Edwards, 1967, also de Bono, 1995). First: what will sell to constituents, either through market places or governing councils and executives, which establish the accepted **rules** of societies (correspondence theory). Second: what can be established beyond reasonable doubt through logic, reason and science as being near enough for farm work, which establish the **reason** accepted by societies (coherence theory). Third, what are taken as articles of faith, as self-evident truths, the current social **dogma** (performative theory). Fourth, the village, urban, or street **myth** - the habits, conventions and conveniences inherited from the past and neighbours (pragmatic theory), without direct or explicit reference to the trinity of fundamental foundations: rules; reason; faith.

It is apparent that the present common model has not yet achieved consensus on any of the three fundamental axes, and perhaps cannot (e.g. McClosky, 1983; Randall, 1993; Bromley, 1997). Its rules are contested as being inherently unfair, ineffective or unsustainable; its reason is contested as being partial, incomplete or fundamentally flawed; its dogma is often dismissed as a thinly veiled camouflage for selfish and acquisitive exploitation of the poor and disadvantaged by the rich and powerful. In short, it can only aspire to myth - the very point of the post-modernists.

Any synthesis of postmodern and neoclassical approaches must begin with a synthesis of the basis for social truths - our institutions. The three grounds of rules, reason and faith (or validity, veracity and value) are the only sustainable foundations for our continual reconstruction of our myths and current vernaculars. It is on our myths that we found our policies. In this sense, the postmodernists are right - our myths are being continually de- and re-constructed.

The question then is: where do we get our myths - our social truths - and how do we contrive their perpetuation? Building on earlier conceptual developments (Harvey, 1995, 1997, 1998a, 1998b) this paper outlines the possible nature of such an alternative conjecture, and draws some implications.

II. The evolution of social truths and associated institutions: a conjecture

The conjecture rests on four essential premises: *first*, that human institutions evolve (following, *inter alia*, North, 1990); *second*, that there exists an identifiable progression in this institutional evolution; *third*, that the major steps in this progression can be elicited from the broad patterns of human history; *fourth*, that this essential progression repeats itself and manifests in the exhibition of policies and market or social behaviours even at the local or specific span of generations as opposed to the aeons of natural evolutionary time. Thus, in the same way that the developmental stages of an embryo echo or mimic the evolutionary progress of the life form, so too might the developmental stages of policies echo or mimic the evolution of the institutions themselves.

Institutional evolution happens through conceptual 'memes' (Dawkins, 1989; Blackmore, 1998), as the major genus of North's (*op cit.*) institutions, rather than through biochmeical genes. Social beliefs and institutions evolve as memotypes (as in genotype). And they spawn (as phenotypes): constituencies; market segments; social communities; political parties; pressure groups; nation states; and thus the associated policies and strategies which typify the behaviour patterns of these social communities. Memotypes are capable of taxonomy as phyla, genus and species, sterile hybrids and mutants, and are related to their ancestry and environments in similar fashion to their natural analogues. Institutional evolution, as the evolution of ideas, occurs very much more rapidly than through natural selection. Memes are also, in contrast to their natural ancestors, self-selected. In contrast to natural selection, which involves submission to the laws of biophysics, and the simple survivability test imposed by the surrounding and largely exogenous environment, we construct and reconstruct our own institutions. These, in turn, act as the selection criteria against which best-fitted actions, behaviours and organisations are judged to be competitive or not. This, in the end, is what our policies and strategies are intended to do. In that, too, postmodernists are clearly right.

Following and developing Capra, 1996 (see, also, Deutsch, 1997) evolution happens in phases. Each phase consists of a set of principles or motive forces underlying the observable structures and patterns of the community or ecosystem - the society types and associated transaction systems (communism, capitalism, tribal or feudal systems etc.) as the phyla of institutional forms - with an evolutionary process operating to explain the progress from one phase to the next. Some now believe we are at such a cusp of institutional evolution (as argued, for example, by Fukuyama, 1992, 1995a). But substantiation of this claim requires a conjecture as to the natural progression of institutional phases.

We begin at the beginning of human life as we now know it, to identify the evolutionary taxonomy of *principles* and the phyla of institutional forms as we trace our apparent history. The methodology employed is reverse engineering - deducing the principal elements and linkages from what we observe as the successful (and thus surviving) institutional forms.

Living systems and Human systems

Capra (*op. cit.*) differentiates living systems from inanimate systems by observing that the individuals which comprise living systems *mind* what happens to them and *respond* to what happens to them, whereas non-living things simply exist and react with their environments. Living systems thus adjust and adapt to their surroundings and generate an evolutionary system as a consequence. The principles through which evolution happens are survival (persistence) and replication. The structures are the species and genus which emerge as being best fitted to the changing environment and habitats. Human life is, according to this fundamental description, no different from other forms of life.

But human life not only minds and responds to what happens to it; it *cares* and *replies* to what happens to it - Max Weber's position in a nutshell (e.g. Gerth and Mills, 1946; see, also, Swedberg, 1998). Caring implies at least a primitive love for fellows (and its natural antonym - hate) and some corresponding if rudimentary belief or value systems - a proactive rather than simply responsive process, stemming from a perception of 'self' as distinct from 'other', and a corresponding recognition of others' existence, rights and responses. Roles become established amongst members of a tribe and relationships are formed, with rights, responsibilities and duties assigned and habitualised at each social level in the tribe. Social values thus emerge and become codified in the emergent phenomenon of the myths of early religions and tribal customs.

The innate and autonomic rules of biological survival and reproduction thus become augmented by conceptual codes and conducts, founded on belief. Our early ancestors simply could not have survived and prospered (as they obviously did) in a fundamentally capricious and frequently antagonistic environment without both self-belief and, as a necessary consequence, social (and environmental) belief and trust. We humans are naturally and irrevocably dogmatic - that is how we began. We may label this early stage of institutional evolution as a **tribe** for convenience, which can be imagined as our ancestral hunter-gatherer villages and communes. It is, therefore, our most primitive and deeply ingrained institution, largely based on belief, and is one to which societies are likely to revert, if and when more advanced institutions fail.

However, caring and replying is not sufficient to distinguish human life from higher forms of animal life. Higher animals are also sentient in that they are able to distinguish between 'self' and 'other' in at least a rudimentary way. Dogmatic dogs are commonplace. Clearly human and intelligent life has moved beyond simply caring and replying, to develop cognition - conscious knowledge and understanding, and associated communication and interrogation. Cognition involves *recognising* social and natural environments and *relating* to and with this recognition through the development of inferential beliefs about ourselves, our societies and our environments. We humans are therefore also naturally reasonable and reasoning - that is how we began to grow up.

The conscious inference and cognition necessary for this recognition are more obviously special human characteristics, reflected in human brain to brawn ratios. From such conscious thought and its application to the local environment emerged the early cultivator

community, as opposed to their predecessors, the hunter-gatherer tribes. With cultivation apparently comes a near-necessary development of specialisation of function and trade between members of the community. The intuitive but conscious acceptance of Adam Smith's invisible hand becomes embodied in community relationships and tolerance of distinctions, roles and hierarchies, and commitment to the associated responsibilities and socio-psychological contracts - barter, in short. The economics of the self-sufficient peasant families and villages has long been recognised as a natural embodiment of our general equilibrium theory (see, e.g. Sadoulet and de Janvry, 1995, ch.6). In effect, inferential reason is used to develop new rules, which may then become enshrined in dogma for the purposes of training, taming and civilising the emerging human population.

Human institutional evolution

Recognisably human institutions thus emerge. Re-cognition (*sic.*) of the processes of human system development requires that the participants at least submit to the implicit or intuitive rationale of these systems, consciously adapting and adjusting their behavioural relations to best fit this apparent (but not yet articulate) rationale. Recognition and relation thus leads to charity in these community relations and specialisations - as the conscious and cognitive acceptance of the capacity of the community and its practices to be benign and welfare-improving (or the exact opposite - malevolent and welfare-threatening, thus requiring substantive and cognitive opposition).

Thus civility emerges as the glue binding (or fracturing) communities into societies, in which each knows their place and understands their roles, rights, responsibilities and duties towards the other members of the society, with charity (or its antonym - intolerance or bigotry) as the fundamental motivation of this phase. The second rung of the invisible hand mechanism is now in place - acceptance through mutual respect for the activities of others as being in the community as well as personal interest (see, e.g. Bromley, 1997, also Bonnam *et al.*, 1997). Thus, by adolescence, the human race has become charitable, social and civilised, as well as dogmatic and reasonable.

Without some pressure of relative scarcity of resource (or of some social ambition plus faith in capacity to expand) recognition and relationships seem likely to be a dominant institutional form - our early ancestral tribal cultivators. Our apparently innate curiosity might be the only drive to further development. Indulgence in curiosity, though, is risky and requires some considerable security and relative prosperity. However, scarce resources will augment this natural or paternal curiosity, and mate it with maternal necessity, to produce invention. There is a curious anomaly in our human evolutionary history. Our genotypic diversity is inconsistently narrow relative to the span of our palaeontoligical record. The only sensible explanation of this anomaly is that there was at least one, and possibly several, natural catastrophes during our early development, which eliminated those tribes and communities which were less well adapted to coping with adversity and resource scarcity. Our current concise genotype reflects the survivors of adversity, and is preconditioned to adopt the inventive phase of institutional evolution capable of resolving resource scarcities.

Invention is necessarily associated with *rationalisation* of the way things are and to the emergence of conjectural *reason* that things could be different. In so doing, our ancestors begin to make things different, inventing and reconstructing their tools, institutions, organisations, habitats and environments. We now have a recognisably different sort of community, which we might label a **society**, reflecting the particular character of this stage in institutional evolution as embodying more organised and conscious association than the parental forms: the tribes and communities. Human history provides ample evidence of this phase of institutional evolution, strongly suggesting that rationalisation and reason can only take root and thrive in well-established (mature) and relatively secure communities, requiring sustained self-belief as a precondition. Otherwise, societies collapse to communities and tribes - the "Dark Ages".

The birth and development of the common model

Once rationalisation and reason emerge to provide for control over the human condition and circumstance, societies naturally develop strong hopes and expectations for their future development and operation. Invention is now additionally spurred by ambitions for further growth. These expectations embrace not only likely futures given current conditions and community actions, but also include an increasing number of possible or virtual alternatives. The natural consequence is for such societies to become fragmented and specialised as groups begin to develop their own comparative advantages and pursue their own ambitions or virtual realities. Or, in the event that they cannot realise their ambitions here, they exit from their parent societies and start again somewhere else: colonies are born. And they learn, perhaps too slowly, to trade with rather than fight one another. Our society has now evolved to a recognisable market **economy**, *expecting* and *relying* on outcomes as a consequence of contracts and formal exchange; specialising and trading (again echoing Adam Smith and Weber, see Swedberg, *op. cit.*).

But, the long arm of the law is necessarily attached to the invisible hand: to enforce contracts, protect property rights and outlaw theft. Economies need and breed government, at the very least to provide for and enforce common law. Furthermore, when measured against the criteria of the earlier institutional forms, market re-distributions of income, wealth and social power are frequently judged unjust, especially by those whose previous power-base is being eroded by the growth of the market economy. Expectations of the powerful turn out to be ill-judged and reliance misplaced according to the previous institutional habits. As Bromley (*op. cit.*) remarks (p 1386): "The necessary institutional arrangements underlying a viable market economy reminds us that shared values and norms of a particular society are the necessary precursors to such institutional arrangements." *The evolutionary progression now becomes more or less consciously self-selected*, since the power to decide in the public interest is now explicitly conceded to the **state**. The law, on which our economy is co-founded, will be required to extend its ambit to include both politically determined re-distributions, and to manage the economy to correct for market failures and malfunctioning in the public interest.

Here, we need to be careful about the meanings of the words 'state' and 'government' (Bromley, private correspndence). The previous institutional forms of tribe, community and society all manifest some form of government or governance, and frequently exhibit forms of collective power which can be labelled as states. However, until an economy develops to generate a 'self-made' power base, the legitimacy of previous states rests on some faith in god, lineage, or natural authority, including historical accumulation of brute power. The emergence of substantial economic power, however, forces societies to judge between this self-made power and the ancestral and apparently exogenous sources of leadership and social control. The term 'state' is used here to encapsulate this emergent phenomenon of explicit and conscious collective judgement of the public interest (e.g. Dunn, 1999). This is in contrast to the term 'government', which we can interpret to represent the more easily observable implementation apparatus of this collective judgement.

The inevitable tension between the market and the state - spawns 'ocracies

The process of collective decision-making breeds a new institutional form - the 'ocracy: autocracy, plutocracy, bureaucracy, and perhaps finally, democracy, when all the previous efforts have been tried and found wanting. Necessary failure to win control over market conditions (enforced by the conditions of competition) for suppliers will inevitably lead to these ambitions for control being pursued through the political machinery of the state. Here, the marginal net returns to political action for suppliers are necessarily more concentrated than for consumers, because of specialisation in production. Consumer dominion over the market place is thus necessarily over-ridden by producer (or factor ownership) domination of public intervention in the name of fair and just distribution or of prudent economic management. Developed country agricultural policies are the archetypal examples, typically resting on arguments about just farm incomes or contributions to economic activity and trade balances.

It follows that income distribution under any political economy general equilibrium, even under ideal competitive conditions, will be determined by political influence and authority, typically manifesting as an uneasy balance between the owners of capital and of labour. Right and left are thus natural manifestations of state politics. The former is predisposed to believe in the supremacy of the market, which apparently generates the factor incomes. Paid labour (and atomistic sectors), on the other hand, find themselves governed by the apparently capricious markets and avaricious capitalists and seek remedy through the political system. Arrow's impossibility theorem demonstrates that such systems, even if defined as perfectly as possible, will frequently generate inconsistent public preferences, and will thus cycle, depending on rhythms of conviction amongst (especially) the labour constituency of the social desirability of unrestrained markets, and on the political control over the negotiating agenda.

The supremacy of the governed market system over other forms of institutional arrangement requires that political constituencies remain convinced of that supremacy. If the market fails to perform according to commonly held opinions of justice, fairness and equity, then it will not be politically legitimised, and political action and intervention will necessarily undermine the social optimality of the market mechanism. The result, then, is an inevitable and concrete mixture of economy, (re-)enforced by state and bound together with the glue of 'ocracy.

Thus, there are two conceptually distinct institutional forms bound together in a complex we typically label 'government'. First, as Dunn (1999) observes: "*coercion* is the core of states." And, for the coercion to be acceptable to the governed, and thus be sustainable and persistent enough to spawn offspring, the coercion must be responsive to the collective *demands* of the population. It is these motives which underpin the 'ocracies under which we choose to live. Democracy apparently becomes inevitable, albeit serviced (or abused) by bureaucracies, plutocracies and autocracies pretending to be democratic or to service popular or special interests (see Kuran, 1995). But, equal first, populations must also agree to *concede* superior power to the state, and *respect* this power above all others. Human conventions are invented to command respect for this concession, to replace the earlier authorities of lineage, gods and nature itself. Our common model is thus founded on contract, coercion and convention.

The present condition of the common model.

Much of the frustration with our modern mixed economies stems from the realisation, conscious or not, that nothing serious can be changed in this complex without bringing into question major adjacent and related parts. Institutional change and progress tends to ossify for fear of the genuine uncertainty of real change. Consequently, public relations and presentation takes over from public participation and substance. As Arrow predicts, we go round in circles, while bemoaning the logic of the vortex. We revert, naturally, to earlier forms of social institutions - the tribes, communities and societies of our ancestry, but re-dressed and re-formed to fit with the state-economy-democracy triad.

This, it seems, is as neat and concise an explanation as yet exists in the exploding literature of the twin features of our global common model - globalisation of market/state/law systems and fragmentation of societies and communities into tribes. We either submit meekly to the ruling hegemony, or demand that it takes better care of our own cherished aspirations and necessarily special interests. Meanwhile, we claim the right to our individualities and peculiarities as enshrined in both democratic and consumer sovereignty principles. This is the apparent present evolutionary status of the common model.

Consider the fundamental lesson of our general equilibrium view of the world. There is a system through which scarce resources can be optimally allocated among near infinite possibilities such that the greatest good happens to the greatest number, given their initial endowments. This is nothing more nor less than an elegant re-statement and formalisation of the process of natural selection, as is increasingly being recognised by quantitative ecologists and biologists (see, e.g. Jones, 1999).

But there is a critical difference between institutional (or meme) evolution and natural evolution - the selection process. There are, of course, other differences. Two are: i) that we use specie (money) and they use food as the fluid of evolution; ii) that we evolve ideas, institutions and cultures while they evolve and adapt biological life-forms - genomes - and behavioural characters - phenomes. These distinctions are also critical, in every sense of the word. Firstly, we collect and accumulate rents, which is effectively impossible in the natural world. Secondly, the fluid or energy of institutional evolution is information (and its material form, understanding). The consequences of restrictions on the flow of this fluid, as is inevitable in its private or national or disciplinary appropriation, are intuitively momentous, compared with the free flow of food in the natural world. Either character of institutional evolution is fatal to the optimality of the common model's general equilibrium, quite aside from the impossible problems of: definition of optimal returns to factors independently of the optimal state (crucial to the marginal returns theorem), and hence of deciding on acceptable distributions; correcting for so-called market failures or non-existence; both of which are seen in the common model as the fundamental role of governments. But both bring us back to the fundamental difference - self-selection rather than natural selection. This, at root, is where we exercise our free will.

There is an escalating debate about the nature of free-will. For instance, Susan Blackmore (1998) concludes on free will: "there is no truth in the idea of an inner self inside my body that controls the body and is conscious. Since this is false, so is the idea of my conscious self having free will." (p 237). But such arguments miss the essential point - our choice is of the social systems we choose to invent and then live within - our choice is necessarily collective and not individualistic. Our free-will is an emergent phenomenon, not deducible or explainable simply with reference to its component parts.

III A conjecture on Necessary and Sufficient conditions for Institutional Sustainability

The brief parables of the previous paragraphs can be seen as an outline of the necessary conditions for successful human civilisations. They seem to contain the essence of much of what we currently observe and of the events and debates (including wars and empires) of our history. In essence, they repeat Fukuyama's (1992, 1995a) argument of "the end of history?" However, the 'motor of historical change' as outlined here is clearly incomplete. It leaves much out from what we observe. Nor can it be regarded as sufficient for sustainable success, as any intelligent, informed and rational contemplation of our current condition testifies. To identify the sufficient conditions, it is necessary to pursue the evolutionary parable of institutional and social development beyond these necessary (or historically observed) stages. What might our possible futures look like?

More sensibly, since evolution (as a chaotic system) is inherently unpredictable: what would we like our future to look like? It is possible to conceive, in principle, of governing institutions and practices which could convert the community population to *reverence* rather than mere respect for their government, and thus to their practically unanimous assent to governmental control over their lives and futures. This must be the goal of those who espouse and champion the common model. Otherwise, such systems will generate retaliation and conflict both within and between communities, well evidenced in our current condition. The search for a unique and unambiguous common model against which all human behaviours can be judged and governed thus becomes the social grail. When found, it might provide the foundation for a genuine meritocracy. Furthermore, having found it, our meritocracy would need to develop to an **empire** to be sustainable, as rightly feared by many postmodernists and their fellow travellers.

But, consider the world which we seek - the one in which there is universal assent to our more common model. What would it look like? Such unanimity, even if achievable, will not be stable. As people devote time and energy to contemplation rather than the mundane issues of survival and prosperity, so the community's institutions and practices will be *questioned* and intelligent thought and *re-search* will be undertaken, in the hope of discovery

of more generally beneficial, acceptable and sustainable rules and procedures. Which is, presumably, what we are all more or less trying to do already. Unless, that is, you are persuaded by the supposed postmodern logic that such systematic and scientific (reasonable) ambition is simply silly. In which case, without hope, we can only despair at the endless chatter and hopeless question of all attempt at reason.

Such research and question is now directed towards social institutions rather than physical and biological support systems, resources or tools. As such, it necessarily undermines the conventions of the revered government, market and legal systems. The evolutionary process has made our institutions ever more massive, thus requiring ever more effort and trauma to shift or change. In turn, these present systems can only be sustained through the imposition of particular ideologies and principles on the associated constituencies by current leaders and rulers. These people and their congregations will necessarily defend and protect their local power-bases to ensure their own continuation. Institutional research or thought which does not fit with existing ideologies will tend to be resisted, underfunded and ridiculed - the fate of postmodernism from the positivist common model perspective.

However, it is possible to suppose an ideal, though dynamic, outcome in which the population can become convinced that all is for the best in this best of all possible worlds. In such a idealised state, one can imagine a fully *committed* population, willingly and enthusiastically merging their own self-interests with those of the community in near unanimous harmony - the communist ideal in a nutshell. Obviously, this condition is extremely difficult, if not impossible to achieve.

A penultimate phase of institutional evolution then becomes possible, in which a significant fraction of the population engages in creative *imagination* of how things might be even better and more harmonious, and is engaged in continual *re-creation* of the community and its environments, with the full support and commitment of the whole community in these endeavours. Which might be the goal that postmodernists seek, if that is not a contradiction in terms. Such societies could reasonably be described as being driven by the pursuit of <u>fun</u> - where imagination and re-creation appear as scholarship or as play. A genuine **civilisation** would then be born. The conversion of an empire to a civilisation is clearly not easy.

The end result might be one in which the whole community is convinced and assured of the benevolence of their world - <u>not</u> as the best of all possible, but as capable of building and growing the best of all possible - secure in the knowledge and understanding of they ways in which their worlds work compared with all the possible ways in which it could work, and completely self-assured that they and their community can continue to develop and improve their lives indefinitely. In short, such societies can be characterised as having a common <u>faith</u> in the ultimate benevolence of their communities and in the 'fitness' of their world views, and an associated freedom to doubt (and hence question and seek to change) the rules, rulers and power-bases, in the common belief and trust that such activity will be regarded as perfectly legitimate and respectable.

Not that there will be unanimous consent that the ultimate has yet been achieved, but unanimous consent that the principles and practices of the community systems in conjunction with all its associated environments is both capable of moving towards this state of perfect harmony, and that the whole population is committed to this pursuit above all others - in short *careful charity* . We could, perhaps, label such an institution as a **culture**.

IV. Summary Conjecture on the Processes of Institutional Evolution

A More Common Model

Table 1 re-capitulates and summarises the 'natural' progression of social evolution proposed here - a taxonomy of the essential mechanisms of conscious institutional design - the more common model. The central proposition is that our history, and thus also our future, is explainable as an evolutionary process. There is an identifiable pattern to the flow of our

evolutionary history. The structures generated by these flows are identified as the archetypal institutional form of each phase. The principles governing its operation are the major characters, responses and motives of people and their communities in each phase, which govern our social choices. The local process of each phase is identified as the result - which generates the archetypal negotiation or transaction system as the pattern of each phase. In the final column of the table, each phase is associated with its 'natural' social science discipline.

Table 1 A Conjecture of the natural taxonomy of institutional evolution

Institution Type	Character	Response	Result	Transaction System	Motives	Discipline
Natural	**Mind** Neglect	**Respond** React	Adapt & Adjust	Food & gene chains	Life (death)	Ecology
Tribe	**Care** Fight	**Reply** Retaliate	Hunt & Gather	**Consent** *(sentient)*	*Love (hate)*	Anth'pology
Community	**Recognise** Ignore	**Relate** Tolerate	Cultivate & Tame	**Cognition** *(Investigative)*	Inference (instinct)	Psychology
Society	**Rationalise** Reject	**Reason** Refute	Invent & Reconstruct	**Care** *(Social)*	Charity (bigotry)	Sociology
Economy	**Expect** Exit	**Rely** Re-Invent	Specialise & Trade	**Contract** *(Enterprising)*	*Barter (autarchy)*	Economics
'Ocracy	**Coerce** Submit	**Demand** Revere	Institute & Regulate	**Coercion** *(Conventional)*	*Fear (security)*	Law
State	**Concede** Lead	**Respect** Reign	Govern & Preach	**Convention** *(Realistic)*	*Habit (anarchy)*	Politics
Empire	**Question** Accept	**Re-search** Test	Exhort & Display	**Commitment** *(Curious)*	Hope (despair)	Humanities
Civilisation	**Imagine** Play	**Re-create** Teach	School & Train	**Curiosity** *(Artistic)*	*Fun (spite)*	Education
Culture	**Believe** Doubt	**Trust** Legitimise	Commune & Cohere	**Charity** *(Aesthetic)*	Faith (distrust)	Aesthetics

Three major disciplines are missing from this table - Philosophy, Theology, Science. Philosophy is the study of rationality of cognition, inference and concept - and thus as the all-embracing discipline. If philosophy departments are shut, the lights go out and the heat of enquiry dissipates to entropy. Both science and theology are the social implementation of philosophy. If science is shut down, the motors of human (as opposed to animal) life support systems die; unless theology takes its place.

The rows of Table 1 should be interpreted as 'meme complexes' - as primary institutional types or phyla. Each can be thought of as a 'conceptual organism', consisting of interactive and mutually supporting systems of motivations, transactions, characteristics and responses. As such each is capable, within limits, of independent recognition and taxonomy. However, like individual organisms of any one phylum, all will exhibit local variation, while none is actually capable of independent existence. Each relies on the other for its continued sustenance and reproductive capacity, and is modified according to its local circumstance and context - its local culture.The proto-typical institutional evolutionary cycle exhibits as a full circle. The careful charity of the 'last' phase underpins the 'foundation' phase of human cognitive and institutional evolution - the love, care and reply phase of the early tribes, generating the necessary consent to community. There is no beginning or end to this cycle; there is no first or last step to human happiness. The end of history is necessarily also the end of future. There is only a meta-process offering progress towards more complete lives and worlds; threatening to malfunction or dissipate into chaos when the tolerances of each phase are exceeded without the necessary foundations and counter-balances of the parental and successive phases being in place. A wheel, as the classic analogue of momentum, cannot perform unless it moves, and cannot continue to move unless all of the spokes are properly connected to the rim, and cannot move usefully unless connected to an axle. Table 1 illustrates the fundamental problem with our present common

model. Its wheel of progress is triangular. Furthermore, it has no axle - it has no meaning. It has no connections with either our primary and primative motivations or with our higher aspirations.

The real world

Of course, this is a fairy story. However, it seems more than possible to trace the history of successful civilisations according to this prototypical evolutionary process of phase changes and developments, and also to identify collapse and revolution of civilisations in these terms. The end of the cold war has transferred the critical conflicts over private versus public decisions of justice, equity and harmony from the primitive battle over geographical territory to the much more important struggle over the hearts and minds of people. Here, mastery over their reproductive organs can only ensure grudging submission and temporary consent. Longer term sustainability requires conviction of belief rather than to penitentiary or slavery. This, at last, is the fundamental lesson of the collapse of the Union of Soviet Socialist Republics. Belief in the system is necessary for its operation, never mind its promise of optimality.

But such belief cannot now be generated simply through appeals to economic reason, since the reason on which market optimality and democracy is based is partial and thus flawed. In short, if communities do not follow this progressive cycle, and are not capable of sustaining the momentum of the evolutionary progression, they will collapse in some form or other to previous phases - just as a Mandelbrot fractal collapses when it exceeds its tolerance limits (see, e.g. Capra, *op cit.*).

Here, at last, is the supra-modern role of diplomacy, statesmanship and leadership (Hedley, conference discussion): to reconcile and fit together the various spokes into a sustainable and enduring social system. This is the purpose of policy - the objective of all our business and public strategies. The essential problem with our analysis and understanding of these policies and strategies is that our aims (what we try to do to seek and pursue our objectives) are fundamentally disconnected from and incommensurate with these objectives. It is the meanings which provide the links.

The Meanings - evidence and supporting argument.

There is an apparent consensus within the current literatures on the principle motives for human behaviour (Boulding, 1973; Strange, 1994; de la Mothe and Paquet, 1996) - as being *love*, *barter*, (or exchange) and *fear*. It is logical to add *habit* (as the accumulated understandings and acceptances of past 'best practice'), to this triumvirate. Table 1 identifies these four key motives, but adds a further four (over and above the human preconditions of life and conscious inference). Of these, *fun* is probably uncontroversial as a fundamental motive for human behaviour. Pervin, 1993, for example, identifies the prime axes of personality in terms of how individuals react to unfamiliar circumstances, which correspond very closely to this taxonomy. It is also of interest that the archetypal transaction systems identified in Table 1 correspond closely with Holland's (1973, 1985) characterisation of peoples' attributes in relation to appropriate 'job fits'. Holland's archetypes have proved remarkably robust in providing useful recruitment service (see, e.g. Furnham, 1992, especially 104ff). The taxonomy suggested here indicates that there are two missing archetypes - curious and aesthetic. Thus, a proposition - inclusion of these two would improve the Holland characterisation of 'occupation space'.

However, there may well be more quarrel over the final three motives: faith, hope and charity, at least amongst those not convinced of St. Paul's recipe for human happiness. To echo and reflect the foundations of our social truths with which I began this conjecture, we need charity in our rules, lest we be mistaken; hope in our reason, that it is both veracious and valid; and faith in our beliefs about the way the world works. On this basis, the underpinning predispositions to form societies (expressed as personality traits) might indeed be 'hard-wired' in our genes rather than continually learned in our memes. And our various religions are still trying to teach us to be human - to subscribe to faith, hope and charity.

It is widely commented that lack of trust is an important problem for modern institutions, which generally substantially increases transaction costs and the probability of transaction failures (e.g. Fukuyama, 1995b). Yet trust seems an extremely elusive concept. In this table, *trust* appears as an *emergent phenomenon* or response only at the climax of the evolutionary progression, itself only sustainable given the continuation of the supporting phases of evolutionary development, encapsulated in the present operations and patterns of social behaviour. Its elusiveness is inherent in its character as an emergent phenomenon - not deducible from its constituent parts. Its essential character is fundamentally dependent on both its breeding and its nurture.

No doubt there will be considerable dispute about the particular words (and associated concepts) chosen here to outline the nature of human institutional evolution. Such semantic debate is clearly fundamental to developing this outline into a serious discipline, (psychohistory? - Asimov, 1951ff,) so as to establish its consistency. In addition, further refinement and closer definition of the terms used here will be necessary to confront the outline proposed here with the evidence from the development of human societies and institutions, to establish the coherence of the theory or story. Furthermore, much more work needs to be done on understanding the essential mechanisms and processes through which institutions translate information into knowledge, and cooperate (perhaps too infrequently) to breed and grow understanding and wisdom.

But the semantics themselves can only make sense when clearly and unequivocally linked through an appropriate grammar - which establishes the rules through which the concepts and constructs are connected so as to make sense, which is here taken as the logic of evolution. Even then, the consequent sentences and paragraphs can only make serious sense if they seem to tell a credible and believable story. The story itself is the emergent phenomenon. It cannot be deduced from the parts, neither from the semantics nor the grammar. It emerges only as the words unfold in a sensible and comprehensible order. Evolution cannot predict, it can only retrodict, and even then without chance of falsification. It is science, but not as we normally know it.

Ralph Dahrendorf, 1995, makes a very similar argument, from a respected status as past Principal of the London School of Economics. He concludes that: "There remains a common theme for a science of human society, and that while much progress has been made in developing its various facets and aspects, it is still important to try and tie the parts together - not in search of a 'world formula' but to make sense of the social habitat in which we live, have lived and are likely to live". Exactly so.

The fundamental problem facing our attempts to reconcile policy relevance with academic excellence is that our social sciences are fragmented and isolated from one another. We cannot trade ideas and concepts because we operate in increasingly self-contained disciplinary islands. When we attempt to trade, we tend to resort to barter or war. Our common models lack common understanding of the processes which generate what we see, so we argue about our observations and interpretations. Postmodernism merely pursues this obvious condition to its limits. And we have been here before. Tarnas (1991, especially p27ff) observes that the Sophists of ancient Greece mediated the transition from an age of myth to an age of practical reason. However, "In such critical circumstances, the philosophical denial of absolute values and sophistical condemnation of stark opportunism seemed both to reflect and to exacerbate the problematic spirit of the times" (*ibid.*, p 29). Post-modernism is an echo of these former philosophers: a potential mediator between the age of theoretical reason and a forthcoming age of genuinely practical rationality?

IV. Conclusions and Implications

The current common model is central to this proposed reconstruction - how could it be otherwise? The role and place of economics has already been illustrated in this account - as a useful analytical tool for understanding at least a part of the behaviour and proclivities of, particularly, the law/economy/state (LES) hegemony or hybrid. The extension to include political economy clearly captures major elements of the common model story as told here. We need not and should not chuck this out, which is a substantial relief.

However, if approximately legitimate, this process of institutional evolution implies that the apparent hegemony of the present common model is unsustainable. Barter, habit and fear are insufficient grounds for progressive human development. Yet, to a very large extent our national and international institutions rely only on these fundamentals. Education or other forms of persuasion of the truth of our present common model is quite simply incapable of reaching the goals which we seek. Some version of our common model might be a *necessary* condition for the pursuit of sensible and sensitive development and human contentment, but it is clearly not *sufficient*.

More importantly, the more educated and informed the world becomes, the less likely is it that we will be able to get away with the pretence that it is sufficient. If we persist in believing that bribery, coercion, training or education is all we need to do to secure universal acceptance, we condemn ourselves to extinction. This, at last, is a counter-traditional if not counter-intuitive result. Which strongly suggests that this logic and evidence is worthy of serious consideration and examination. Can we afford the risk that it is not?

So What?

While evolution does not allow prediction, it does allow cultivation. We are now in a position deliberately to cultivate our institutional evolution - which is what policy seeks to do. To practice effective and efficient cultivation requires an understanding of the effects of nature and nurture. To be selective in our selection processes, we need to distinguish the inherited features from those which are phenotypical. This conjecture is an attempt to identify the memotypes and distinguish them from the phenotypes.

At present, it is apparent that many communities and societies are not willing to grant that our rulers (rich governments, mighty multinational companies and powerful international organisations) are genuinely committed to general social progress, or ready to be openly and transparently curious, or sufficiently careful of our human (and thus planetary) inheritance. To many, these trust-failures are the obvious consequence of primitive understandings. They reflect either more or less deliberate ignorance or self-seeking exploitation of love, thought and charity. In short, the traditional bureaucrats' creed that the devil is in the detail is exactly wrong. According to this account, life is in the detail; the devil is in the conception. But we have been told that before. The apple that Eve ate was of the tree of knowledge, not understanding.

Space does not permit elaboration and application of these ideas here. However, the framework appears sufficiently coherent, consistent and approximately legitimate to enable and encourage profitable and progressive debate. In economic terms, the nature of the problem addressed by this paper is that the production possibility frontier of our current academic excellence is disconnected from our social preference map of policy relevance. We have no basis or foundation for trade. I have presented a conjecture about the nature of the essential connections, and of the ways in which we might profitably trade.

In conclusion, if you do not accept the essential logic of this story, what is your alternative? Without one, I suggest your reservations are of detail and not of principle. We can argue about the price; and then dispute the quality.

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