Socio-Economic Change and Discontent: A Search for a Broader Paradigm in Economics

OLEG ZINAM*

The concept of change is one of the most intriguing and untractable fields in both sociology and economics. This study represents an attempt to develop a broad theoretical framework for the systematic study of socio-economic change. Following Hawley, change, in general, is defined as "any irreversible or non-repetitive alteration of an existing pattern of relationship...[which] occurs when one pattern of relationship is replaced by another or...when existing functional rhythm gives way to a new and different rhythm." Since objective reality presents itself to an observer as a flux of increasingly complex, interdependent and dynamic phenomena, to understand change one would have to study the totality of "social action." The impossibility of separating change from the totality of social action is fully recognized by Parsons and Shils in their dictum: "propositions about the factors making for maintenance of the system are at the same time propositions about those making for change." Alvin Boskoff also recognizes the impossibility of isolating change from the totality of social reality: "Since social reality is marked by flux, dynamism, variation, and an acknowledged absence of exact repetition in any area of human experience, social change would become equivalent to social reality." This study is limited to socio-economic change. "Socio-economic" is given here a special meaning that of the economic aspect of social change. The scope of this inquiry transcends the conventional paradigm of neo-classical economics which treats the most important variables related to economic change such as organization, power, tastes and preferences, etc., as parameters of the system. This study encompasses both "economic" and "ecological" aspects of socio-economic change.

Historically, socio-economic changes rep-
present some combination of factors on both the economic and the ecological sides. Whitehead very pointedly stated that "the well-marked transition from one age into another can always be traced to some analogue of Steam and Democracy... Senseless agencies and formulated aspirations cooperate in the work of driving mankind from its old anchorage... The great transitions are due to a coinidence of forces derived from both sides of the world, its physical and its spiritual natures." Moreover, the complexity of "social action" and social change is so great that one is forced to agree with Max Weber when he stresses the meaningfulness of the idea "that the goal of the cultural sciences, this however far it may be from realization, is to construct a closed system in which reality is synthesized in some sort of permanently and universally valid classification and from which it can again be deduced." Some scholars in the past attempted to present a complete and unified explanation of social action and change in terms of global theories. This "holistic" approach, according to the words, "is a universe in a cause and effect relationship, the whole of which is capable of being understood in accordance with the normal mind." In all of its attractiveness and fascination, the holistic approach harbors several pitfalls. According to Hawley, "if the magnitude of the picture it presents does not stagnate activity, it is apt to encourage hasty generalization and immature synthesis," because "it is beyond the capacity of any one individual to explore the entire field."11 While the global or holistic approach, which attempts to include all variables and relationships in the model, becomes untractable due to its extreme complexity, the opposite tendencies might be as damaging. The scholar, disappointed with the unmanagability of such a holistic model, might embrace in his work a position of extreme relativism which implies a rejection of laws of social change of any substantial generality. Such an attitude might reinforce the general trend toward "over-specialization" and contribute to a further fragmentation of knowledge in social sciences.

Yes, there is no serious reason for despair since, as Wilbert E. Moore aptly stated, "when the global theories, which explain too little because they attempt too much, and the relativistic position that views all changes as unique, there is a large middle territory."12 In his thorough and Odyssey, a scholar navigates between the proverbial Scylla of intractability if he includes in his model too much, and the Charybdis of irrelevance if he omits significant variables and relationships contained in the subject matter of his enquiry. To meet the conflicting requirements of manageability and relevance, this study is based on the method of "specialized holism" which consists in looking at the socio-economic system as a whole while concentrating attention on only a limited number of strategic variables and the crucial relationship among them relevant for the purpose of the study. And yet, to account for socio-economic change, even such a circumscribed model must be much broader than the scope of orthodox economic theory, in which primarily due to historical accident, the variables most strategic for understanding the functioning of economic system, such as organization, power, idea systems, preferences, etc., are relegated to the status of parameters. This narrowness of scope is aggravated by the inadequacy of prevalent methods to handle in a satisfactory manner such fields of economics as development, history and history of ideas, comparative systems, etc. The predominant method of orthodox theory is purely analytical. A major weakness of conventional analytical models is that they are built on static, narrow, and unrealistic assumptions about human behavior. The analytical approach of the neo-classical school takes the economic system as a whole as its component structure and functions they perform for granted. They are "given" of the system and, therefore, relegated to the role of parameters. The most simple and abstract assumptions about the economic system are held, such as atomistic society operating under the laissez-faire conditions, economic man behavior, the "invisible hand" of market forces, and so on. A model built on such assumptions might be adequate for the study of a very narrow range of problems which might be encountered in reality but it might become almost irrelevant when one attempts to explain the functioning of an evolving dynamic modern economy with all its institutional frictions and imperfections. It fails to explain the complex operations of an economy dominated by powerful organizations with frequently conflicting preference functions. It has little to offer in situations in which cooperation, competition and conflict are flowing into each other by imperceptible degrees and in which economic and political power are intricately intertwined. It is an idle hope that anyone can explain adequately such a complex, interdependent and dynamic system by assuming away "frictions" and "imperfections" its salient characteristics, which must be themselves subjected to careful study in order to understand the working of this system. This does not mean, however, that the analytical method should be discarded. On the contrary, this method must be refined to take care of more realistic ideal types than those depicted by orthodox theory. These analytical types must be derived from empirical observations of crucial characteristics of an economic system. The most important parts of the system, as well as their functions, must be identified and subjected to careful study. This is what functional-structural approach really means. The analytical and functional-structural methods are fused when the ideal types of the model are expressed in terms of the most basic salient components of the system. On the level of individual behavior, Weber's ideal types represent an example of a more refined use of pure types than an oversimplified notion of economic man behavior.13 In the field of comparative systems, the postulation of ex

11Ibid, p. 10
12Ibid, p. 10
extreme ideal types of Absolute Command Economy at one pole of the spectrum and Perfect Market Economy at the other, with a whole range of mixed systems in between, is another example of fruitful combining of analytical and functional-structural methods. 14

All real systems are "impure" or mixed. Ideal types exist only in a "never-never land" of pure theory. And yet, they provide a useful theoretical tool for analysis. They gain in significance, however, when they are tested by historical observations, especially when one deals with such dynamic, time-related phenomena like socio-economic change. When structural-functional analysis is applied cross-sectionally at a given point of time, the result is a static analysis. But neither cross-sectional nor functional-structural methods of analysis are inherently static. The elements of change in structures and functions can be introduced into a model while cross-sectional analysis can be applied to different points of time in comparative studies of socio-economic change. The method of "specialized holism" expounded in this study attempts to fuse elements of functional-structural with both analytical and historical approaches.

This work is devoted to that aspect of socio-economic change which is either induced by decision-making and the actions of those in possession of power within the system, or by the responses of those decision-makers to exogenous forces affecting a given socio-economic system. These exogenous challenges could stem from decision making and actions originating in other socio-economic systems, or from "blind" forces affecting all socio-economic systems "exogenously." Catastrophic changes caused by natural forces resulting in the destruction of human society would involve human elements only passively and would be outside of the scope of this enquiry. However, any lesser catastrophe would require a response from decision-makers and, therefore, must be included in the model.

The theory of change developed in this work is basically a theory of necessary and sufficient conditions. The necessary condition or a condicio sine qua non is a factor without which the given change cannot occur, while sufficient condition represents a minimum combination of necessary conditions just adequate to produce a given change.

Both quantitative and qualitative aspects of change are covered by this model. The distinction is rather tenuous but is roughly analogous to the difference between the concepts of "growth" and "development" used in economic development theory. Growth can be positive, zero, or negative, while development might take the negative form of "decay," "decadence" and "dis-integration."

Through this theoretical framework can be applied to a very broad area of civilizational changes in general, it is applied here predominantly to socio-economic changes dealt with in several branches of economics. It is definitely applicable to economic growth and development. Economic history can be viewed as description and interpretation of the past development of economic systems. History of economic ideas would represent, from this point of view, an economic aspect of this development, inseparable from the former yet stressing different types of strategic variables. The theory of comparative economic systems can be considered a comparative analysis of developing economic systems, an area intricately intertwined with development and economic history. The model can be also applied to such areas as consumer behavior theory and economic welfare since the crucial variables of history and development are essentially the same variables which determine who is making the decisions in economic system as to how, what, and for whom the goods and services are to be produced. All these important areas of economic discipline have at their core common strategic variables having a decisive bearing on the phenomena of socio-economic change. These strategic variables must reveal functional-structural characteristics of the socio-economic system and help the scholar understand how economies change, grow, develop and, perhaps, decay. 15

One of the most difficult part of constructing a model for change is the selection of strategic variables of the system. This process of choice seems to be rather intuitive and it is highly subjective. It greatly reflects the philosophic preconceptions and preferences of the scholar. And yet, this preconception and preferences of the scholar. And yet, this


15Burke compares the construction of the model to cutting cheese: "the universe would appear to be something like cheese; it can be divided in an infinite number of ways—and when one has chosen one's own pattern of slicing, he finds that other men can follow the wrong path." Kenneth Burke, Permanence and Change, New York: New Republic, Inc., 1935, pp. 1311-312 and p. 136.
Preference and opportunity functions represent a conceptual bridge between functional-structural analysis, in terms of five-level framework, and the conventional economic analysis in terms of supply and demand functions. Each point, either on the demand or supply side, can be essentially resolved into a combination of preference and opportunity functions of consumers and producers interacting under given market conditions. Basic changes in strategic variables—Z, P, V, I, and F—will affect preference and opportunity functions to the decision-makers, change the shape and form of the supply and demand curves of conventional economic analysis. A dynamic economic model must integrate in a unified theory the whole gamut of a very complex interaction between factors underlying Z, P, V, I, and F, preference and opportunity functions derived from them, and the conventional economic functions of supply and demand.

Two crucial difficulties involved in this analysis must be immediately pointed out. First, the preference functions of individuals and organizations within a society might be in conflict. The problem of resolving such conflicts involves enormous theoretical difficulties. Conflicting preference functions either in an individual, an organization, or a society, in an extreme sense, must be “resolved” if the integrity of a person, or organization, or society is to be preserved. In “all-or-none” type of decisions, or post-reconciliation might be necessary for survival of the organization. Secondly, an analysis in terms of opportunity and preference functions is greatly complicated by the fact that they are mutually interchangeable, i.e., a preference function of a decision-unit might become an important component of an opportunity function for another decision-unit. The individual’s opportunity function is determined not only by physical environment as a source of potential power and resistance, but also, and even more so, by the potential power and the preferences of other individuals whose actions could advance or hinder the attainment of goals set by the individual. The same difficulties are observed on organizational and societal levels of analysis.

As stated before, sufficient condition for change is a coincidence of power, which is delimited by opportunity function, and will or determination to use this power. This determination to act, in order to use available power to affect the desired change, depends, in turn, on the following necessary conditions:

1. Recognition of the gap between the ideal (I) and actual (A) values of the variable;  
2. Categorization of this gap must be strong enough to lead to discontent with the gap;  
3. Violation must lead to the decision to act and the action necessary for change, i.e., determination to use available power to close the gap between I and A.

The key concept in this sequence is definitely discontent which is at the heart of the process of change. Without the discontent of those in control of power, no change can be initiated. Society will stagnate if, in Boulding’s terms, “no one who has the power to change has the will and no one who has the will has the power.”

Following are the central concepts of the discontent theory:
(1) $g = (I - A)$
Aspiration-attainment gap, where $A$ is level of attainment and $I$-level of aspiration.

(2) $d = f_G(f_I - A)$
Personal discontent gap, a measure of absolute deprivation, where $f$ stands for "function of."

(3) $G = f(I/A)$
Aspiration-attainment ratio.

(4) $D = f(G) = f(U/A)$
Coefficient of personal discontent, a measure of relative deprivation, where $f$ stands for "function of."

Relationship (4) expresses the basic theorem of the theory of discontent: Discontent varies directly with the level of aspiration and inversely with the level of attainment. Under static conditions ($I$ and $A$ independent of each other, and all other things being equal), the improvement of existing conditions should reduce discontent. From a dynamic point of view, however, the level of aspiration might behave as a function of the level of attainment, $I = f(A).$ Under such conditions the impact on discontent depends on the concept of elasticity of discontent, defined as a ratio of change in the level of aspiration to change in the level of attainment. Symbolically:

(5) $E_G = \frac{dG}{IA} = \frac{dA}{I} = \frac{A}{I}$
where $E_G$ stands for elasticity of discontent.

If elasticity of discontent is high one observes such phenomena as the paradox of the greatest discontent in the most rapidly advancing economies, riots when conditions seem to improve rather than deteriorate, or even revolutions when a revolting group seems to be on its way to greatest improvements.

The contention that a socio-economic change must contain discontent as one of its major ingredients is buttressed by two crucial assumptions about human behavior. First, people tend to "do today what they did yesterday even if there are very good reasons for doing otherwise." Second, change will not occur unless there exists a substantial dissatisfaction with the present way of doing things. It is basic to the theory of socio-economic change that no significant economic, social or political improvement can occur unless the decision-making units in control of power become discontented with existing conditions.

The introduction of the theory of discontent into the model of socio-economic change will broaden the applicability and relevance of economic theory which is presently based on maximizing behavior of economic man. The theory of discontent neither contradicts nor displaces the maximization theory. It is, in a sense, broader than the theory of maximization. As a matter of fact, from the psychological point of view, economic behavior can be viewed as a special case of the theory of discontent. Moreover, in the discontent theory, maximization behavior finds a solid theoretical anchor for its own justification. The maximization principle can be effective only if the following conditions of the theory of discontent are fulfilled:

(1) Both preference and opportunity functions of the decision-making agents are given.

(2) The ideal value $I$ (level of aspiration) is a maximand.

(3) Both $I$ and $A$ (level of attainment) are known to the decision-maker.

(4) The gap $d = (I - A)$ is instantaneously recognized, cathartic and the decision to close the gap immediately follows. This action is analogous to the performance of a homoeostatic mechanism.

(5) Adequate power, if available, is used to close the gap.

(6) Elasticity of discontent is zero. Value of $I$ does not change in the process of closing the gap due to the classical assumption of given tastes and preferences.

(7) When equilibrium is attained, $I = A$; the gap $d = 0$ and the coefficient of discontent $D = I/A = 1$.

(8) The equilibrium position is one which maximizes the value of $I$.

The traditional, neo-classical model assumes implicitly that discontent must be present and takes it for granted. Economic man cannot tolerate the gap between maximum and the actual values of his variables. Discontent of the decision maker as well as necessary coincidence of power and will or determination to use this power to close the gap, are automatically assumed and taken for granted. If our economic man were not discontented by the existence of the gap between the ideal and actual value of variables under consideration, there would have been no action leading to maximization, and consequently no economic behavior. In this sense, discontent is a necessary condition for economic-man behavior.

In the model proposed in this study, the concept of economic man maximizing his "advantage" within an "atomistic" socio-economic system is significantly broadened by the introduction of the theory of discontent. The suggested model focuses on the goal-setting behavior of decision-making agents deriving their preferences from their idea-systems, ideologies, and normative systems. These agents use economic, social and political power emanating from their social roles within society's organizational structure to close the gaps between the levels of their aspirations and attainments. This process inevitably involves the process of reconciliation of conflicting preference functions. The theory of maximization is operating within the theory of discontent and only under certain ideal conditions. Taken alone, the maximization principle of the traditional theory is an inadequate analytical tool to deal with problems of economic dynamics. The inability of the orthodox theory, operating within the limits set by the traditional economic paradigm, to treat adequately the most crucial problems in the areas of economic development, economic history, history of economic ideas, consumer behavior theory, theory of welfare, etc., seems to confirm this contention.

Referring to scientific paradigms,35 Thomas S. Kuhn stated that once a scientific theory has achieved the status of a paradigm, it "is declared invalid only if an alternative candidate is available to take its place."36 If Kuhn's contention is correct, the only hope to induce the traditionalists in economics to reexamine their paradigm lies in constructing a more relevant one. The method of "specialized holistic" used in formulating this model is intended as a modest contribution toward the formulation of a broader and a more inclusive economic paradigm.

On a spectral scale having at one extreme pole specialists and at the other, (extreme) whole, the proposed method of spec-
cized holism takes the intermediate positon. "Magnificent!" economics, consisting in broad sweeping generalizations covering the whole of the economic universe, a la Marx, Weber and Schmitter, is now neglected and the science seems to move more and more toward increasing specialization and narrowing the scope of economics. In Piryhla's words, "modern economics, like its neoclassical predecessor, seems to have abandoned the lofty mountains of economy" (Hanson), the broad sweep of great issues, in order to descend to the lower ground and seek out, with the help of increasingly refined tools, minor cracks in a vast, unfinished superstructure.

However, it is increasingly evident that the movement toward "specialism" has been carried too far. Economists seem to know more and more about less and less. The core of economic curriculum across the country includes micro and macro theories pressed into a small jacket of limited scope typical of traditional paradigm. Perhaps the scope of a new paradigm should be shifted away from "specialism" toward the point occupied by "specialized holism" which includes structural variables germane to the most crucial areas of economic dynamics.

One might set the problem of choice of an adequate scope for future economic paradigm in terms of a proper mix of extreme polar qualities. It is possible to postulate a "Dialectical Principle of Optimal Proportions" (DPOP) which states that on any spectral scale of a dialectical type, there exists a mixture of qualities which is optimal for a given purpose. In terms of this DPOP principle, the optimal scope of economic paradigm depends on the objectives of economic science, the stage of advance of economic knowledge, and the quality of professional cadres. The present trend toward over-specialization in economics and in social sciences in general, tends to bring diminishing returns to efforts spent on solving very specialized problems of little relevance for the advancement of economic discipline as a whole. While in the past the pendulum swung too far in the direction of holism or extreme universalism, the present trend seems to contribute to trivialization of knowledge beyond the point of diminishing returns.

In modern times, characterized by great dynamism, the problem of socio-economic change becomes increasingly important, but today, is largely ignored. A system of economic discipline seems to refuse to make proper adjustments in its paradigm to take this into account. An economic system, with its functions, structures and operations, phenomena of socio-economic change, and the crucial structural variables which can account for it, must be brought into the core of economic analysis. The trend toward specialization must be reversed or orthodox economic theory might become increasingly irrelevant in describing and predicting socio-economic phenomena involved in change. The areas most adversely affected by the refusal to broaden the paradigm are those which are most closely related to socio-economic change: economic development, comparative systems, history, history of ideas, welfare, consumer theory, etc.

Another trend in economic theorizing, which reinforces the narrowing of the scope of the discipline, is the tendency "to rule out of bounds those kinds of issues that resist accurate measurement, or that lend themselves only awkwardly or not at all to mathematical representation, or that contain a central and irrepressible value consideration. And even "paradigm itself may be a serious limitation to economic understanding."

The result of this is the retaining of the paradigm and the relegation of untractable problems to second rank of importance or even the expulsion of such problems from the area of economics.

The difficulties associated with the broadening of economic paradigm may be aggravated by the fact that "strategic positions in the profession may fall into the hands of economists who represent only a portion of the methods, concerns and interests of the profession. Such a minority could then function as a priestcraft and channel an undue amount of resources in keeping with their tastes and concerns." It suggests that the model of socio-economic change developed in this study should be applied to a change in economic paradigm. The scope of this paper does not permit further elaboration on this important special project.

The proposed model of "specialized holism" has several advantages over the much narrower conventional economic paradigm. Following is a suggested list of these advantages:

1. The analysis will be carried out in terms of basic components of economic systems such as functions, structures, processes.
2. Economics will become more interdisciplinary and will be able to use contributions from such fields as the study of systems, cybernetics, human ecology, etc.
3. Interdisciplinary concepts, such as organization, power, value systems, preference, etc., will broaden the scope of the discipline and make it more relevant.
4. The model attains a balance between the conflicting requirements of relevance and manageability.
5. Its applicability is broader because it promises a unifying theoretical framework for the treatment of such branches of economics as economic development, economic history, history of economic ideas, comparative economic systems welfare economics, consumer behavior theory and others.
6. This model facilitates the use of well-established economic concepts of opportunuity and preference functions as a bridge between the suggested five-level analysis and conventional economic theory. This will contribute to the integration of the conventional paradigm and the one proposed here.
7. A broader paradigm, toward which this model is striving, might contribute to a broader theoretical framework within which the contributions of neo-clinical, Marxist, institutionalist and "radical" economists could be placed in a proper perspective, as special cases of economics viewed as a much broader field of inquiry than admitted up to now by orthodox economists in power.
8. The model is an effort in the direction of re-establishing the concept of essential unity of social science to offset powerful forces working toward increasing over-specialization and the fragmentation of knowledge in the realm of social studies.
9. It will contribute to a broader and more extensive cross-fertilization among several social sciences.
10. It will contribute to making economic curricula more relevant by shifting...
with the assertion that the model of "specialized holistic" proposed here is formulated in a spirit of "the search for a new explanatory mode that would reach across the artificial division of 'economics,' 'politics' and 'sociology' to produce a unified conception of society as a seamless web," the search "which would open up an topography of the social process more ramified than the one to which we are accustomed, thereby enabling us to comprehend the process of social change more thoroughly than is now possible." 2


A Theory of Leisure

James R. Melvin

Introduction

Leisure has not been a popular topic of study in economics, and most of the analytical discussions which do exist have focused on the trade-offs between leisure and work. These discussions make no attempt to distinguish between available time and leisure, and leisure is viewed as a residual—the amount of time left over after work. This leisure is regarded as yielding utility and it is often assumed that at a high enough wage, workers will opt for more leisure and less work. This paper takes a somewhat different approach and views leisure as a commodity which must be produced like any other commodity, and where available time is only one of the necessary inputs. This draws attention to the fact that some available time may not be converted into leisure and that this "extra time" may be a "bad" rather than a "good." It is then argued that this may have serious social consequences, in which case the policy objective will be to minimize the amount of this "extra time". Attention is then given to the question of how this minimization can best be accomplished.

The rapid technological change which characterizes the modern world is bringing about a number of significant changes in the social ethic. One of these is the gradual erosion which is taking place in the philosophy that work has morally desirable characteristics in its own right and that it is not socially acceptable to spend all or most of one's time in leisure activities. While this glorification of work may have been one of the factors which has given rise to the rapid improvement which has taken place in the standard of living in the last hundred years, it seems clear that this philosophy is on the way out. We find that the working day and the work week are becoming shorter and paid vacations are becoming longer, and it is quite possible that within the next few decades the average individual will work only five or six hours a day for three or four days a week. 3 There

2 This argument has a long history. As several examples, see Charlewosz (1964, 30), Carter (1926, 271), Dobb (1958, 215), Grune (1962, Ch. 2) and Mood (1938).

3 Zeitlin (1958, 145) reports that the work week has been reduced from an average of about 60 hours in 1850 to about 40 hours in 1956. Grune (1962, 441) shows that in 1940 the average work week in all industries was 38.5 hours and was 36.0 hours in non-agricultural industries. Projections as to what the future holds vary. Clawsick (1944, 12) has estimated that the work week will be 28 hours by 2000, while Douglas and Crawford (1964, 22) predict that by 2006 the industrial work week will be 38.3 hours. Newman (1959, 107) has calculated that if the trend in work week reductions continues for another hundred years, by 2039 the work week will be less than 15 hours. On the other hand, Wibley (1961, 57) argues that such comparisons are misleading, for the 1870's represented a period in which the work week was much longer than it formerly had been. He estimates that today's skilled urban worker works about as long as his 15th century counterpart. He also draws attention to the uneven distribution of leisure and argues that while many work shorter hours, many others (professionals and managers, for example) work longer hours than formerly.