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Understanding the Course of Social Reality

Fusari Angelo

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Angelo Fusari

Understanding the Course of Social Reality

The Necessity of Institutional and Ethical
Transformations of Utopian Flavour

Angelo Fusari
Rome
Italy

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Chapter 1

Introduction

Abstract The primary aim of the present book is to clarify the nature of some basic misunderstandings that afflict both the interpretation and management of modern dynamic societies. The roots of this theoretical and practical confusion are identified with the adoption within the social sciences of the method of observation and verification. This may seem surprising in the light of the fact that the triumph of this method facilitated the emergence of the modern natural (and mechanical) sciences. And in fact, just this success has propelled the extension of the observation-verification method into the social sciences, where it is today dominant. The deficiencies of this method in the analysis of social reality are, however, masked by the trappings of scientific rigour imparted, which is often enhanced by additional borrowing of method from the mathematical and formal sciences. It must be recognized that the observation-verification works well when applied to quasi-stationary societies, where the key hypothesis of the repetitiveness (or quasi-repetitiveness) of events typical of the natural sciences is fulfilled. But with the advent of modern dynamic society, itself very much an effect of the great advancement of the natural and formal sciences, the failure of the methodologies of these sciences with regard to the analysis of social reality has become increasingly marked, its consequences ever more devastating. My book *Methodological Misconceptions in the Social Sciences* was dedicated to an accurate analysis of this embarrassing situation and a consideration of ways to remedy it. Unfortunately, the observation-verification method continues to enjoy great prestige in the social studies. This is mainly due to the fact that it is based on de facto situation with regard to established interests and hence enjoys the favor of dominant social classes. The present book, therefore, sets out to provide a simple and clear description of the situation, the related confusion, and the ways to remedy the problem.

Keywords The question of method • A third method for social studies versus the current methods of natural and logic-formal sciences • Social change versus repetitiveness • Observational view, as congenial to established interests of dominant social classes

This booklet discusses some of the main problems of global society, indicates their roots and offers solutions that will often prove to be necessary. The contemporary world is afflicted and, I dare say, increasingly disturbed by the absence of those solid reference points that are indispensable for the governing of human societies in the face of the great changes caused by ever greater technological progress. We shall see that such global disorientation is not inevitable, for it arises from some basic methodological lacunae of social thought; and we attempt to remedy the situation by way of a methodological revision allowing us, first of all, to define scientifically both solid reference points and the path of their evolution through the various historical ages.

I'll explore various, sometimes amusing applications of results presented in my book *Methodological misconceptions in the social sciences*,¹ which can be considered the scientific foundation of the present essay. A large part of these applications carry a utopian flavor, but they are nevertheless recommendations that arise from the pursuit of a rational and livable organization of modern dynamic societies combined with some substantial ethical improvement. These are recommendations that point to an escape-route from some failures that have always afflicted human societies.

A clarification of the title of this book is indispensable. The expression 'The necessity of...' must not be intended as something that will necessarily happen. The achievement of the organizational necessities that this study underlines may require long lasting and extremely painful processes of trial and error and may even be indefinitely blocked by the opposition of powerful contrary interests, if humanity does not become conscious of those organizational necessities, a consciousness that current social thought seems unable to promote. The quantity of studies carried out and statements put forward in defense or denigration of capitalism made by way of inspiration of the observational method appropriate to the natural sciences is impressive. But the able elusions on the subject that utilize, with a flavor of high scientific substance, the method of abstract rationality typical of logic-formal sciences, probably are even more insidious. I'll try to overcome this unfortunate condition of social thinking.

In this essay I will relate an adventure in sidereal space. This literary expedient should facilitate understanding of the arguments and allow the reader to bypass the false problems and useless complications that cluster around the matter on Earth, where reason is largely devoted to improving our skills at treading upon one another's toes. But I suggest to social scientists that, soon after the reading of this introduction and the section that follows it, they turn to the reading of the

¹Students preferring details will probably be irritated by the concise treatment in this essay of problems abounding in theoretical complexity. But this brief essay, which is addressed to non-specialist readers, is built upon deep and profound studies on such subjects as method, forms of power, economics, politics, ethics and law, as well a detailed historical analysis of social systems and civilizations considered particularly significant for the understanding of the societies in which we are living. For these studies, which also employ advanced mathematical and statistical procedures, see, for example: Fusari ([2014](#)), Ekstedt and Fusari ([2010](#)), Fusari ([2000](#)).

Appendix, where some methodological equivocations afflicting social sciences are discussed. Eventually, our sidereal perspective might even prove useful in understanding the needs and habits of extraterrestrial societies that humanity will sooner or later encounter.

We shall narrate a scientific counterpoint, a story of the adventure of science that is topsy-turvy in relation to the world in which we actually live. To be precise, we shall imagine that in the extraterrestrial society where the actions described take place, the development of the social sciences has preceded, influenced and placed breaks upon that of the natural sciences; a marked contrast with our Earth, upon which the very opposite has happened. The point of this conceit is that it facilitates a clear and simple perspective upon the method of the social sciences; this being a vitally important scientific matter that, nevertheless, is all too frequently presented in abstruse and complicated forms by current analyses.

We must consider our extraterrestrial interlocutors lucky; the backwardness of the social sciences with respect to the natural (and mechanical) sciences has, on Earth, reached an alarming level, which causes a technical and cognitive short circuit between the two branches of knowledge, thereby increasingly reducing the human capacity to organize and manage social systems. This transforms technological conquests into instruments of destruction and threatens to destroy the very possibility of life on Earth. The devastating wars and other follies that have troubled human history are without precedent even among the wildest beasts, and this despite man's proud assertion of being gifted with reason, the most important and true form of which—scientific reason—has yielded exceptional technological achievements.² Unfortunately, scientific reason is not able to help social relations because of deep methodological misconceptions.

Never has there existed on Earth a social order able to conjugate social justice, economic efficiency and a high and continuative rate of growth of production; notwithstanding the fact that such an order is perfectly feasible, as Chap. 8 will show. The domination of the economic system and market relations in modern dynamic societies generates very perverted effects. It is distressing to consider the misfortunes, among which the calamity of involuntary unemployment ranks high, that humanity began to procure with great vigor from the time we arrived at the capacity to produce material wealth at a good pace. Such considerations oblige us to dedicate much space to showing how the services of the market may be preserved and yet made into an *instrument* at the service of human societies, instead of acting as a greedy despot exploiting and manipulating men and their things.

The lack of ethical progress from the beginning of social life and in comparison with the immense progress of human knowledge and technological achievements, and despite the great efforts of moralists and the religious, is astonishing. We shall

²A great student of history wrote: "Indeed history is no more than a list of the crimes, the follies and the misfortunes of mankind" (see Gibbon 2000, p. 81). This will oblige us, much later in the essay, to address some objections to the famous booklet by Erasmus of Rotterdam, 'In Praise of Folly'.

see that it is possible to reduce this gap; more precisely, we shall see that it is possible to scientifically develop a large proportion of ethical questions and, in this way, to lead man to virtue through rules suggested and approved by reason. In fact, it can be shown that the rational and efficient organization of social systems cannot be achieved in the absence of some fundamental ethical imperatives. The knowledge of these imperatives allows the moderation of even the sharpest human conflicts, caused by collisions among personal interests as well as among different civilization forms: conflicts against which the golden rule of reciprocity and the love for one's neighbor are impotent, as everybody is inclined to reciprocate and love according to his own way and convenience. Unfortunately the dominant social thought denies the possibility of scientifically treating ethical values; and this feeds a growing *ethical vagueness* in the modern dynamic and global society that thwarts the efforts of moralists and the religious.³

Human virtue is strongly influenced by the character of social organization, in particular the forms of power. If we assume, under the influence of observational methodologies, that the forms of power are inevitably obliged to assume the usual dress of domination-power, instead of service-power, Machiavelli's teaching becomes irrefutable and the dominated people can choose only between rebellion and, as indicated by Guicciardini, managing in the light of particular and personal interests. Any pulpit is impotent against the consequent corruption: the preachers of virtue are condemned to throw their words to the wind and their listeners are kept in check by spontaneous behaviour and the working of Mandeville's paradox.⁴ At least this is so if we are unable to propose some rules and organizational forms that lead to the uprooting of domination-power and the corruption that it forges, in favor of what we denominate service-power.

Everywhere we turn our eyes, we see that domination-power darkens and holds in subjection the liberating force of reason: in the life of the man in the street and in the work of great statesmen, legislators, judges, businessmen and administrators. Unfortunately, the fact that existing social relations and the whole of history are deeply permeated by domination forms means that the prevailing mere observational method implies the acceptance of domination-power; this clearly shows that such a method, if used in the investigation of society, acts as a distorting trap.

Volumes have been written reproving the exploitation of man by man and tremendous revolutions have been set in motion in order to do away with it; but the problem has never yet been faced with due clearness on the more general question of the degeneration of the forms of power into relations of domination, of which

³L. Pellicani, in the final chapter of his main work, expressed great concern for the instability that modern dynamic societies derive from the chronic instability of ethical values (See Pellicani [1988](#)). An instability that, we add, is largely fed by the growing scientific vagueness on ethics.

⁴Such a paradox underlines "the baseness of the ingredients that taken together give the healthy mixture of a well ordered society" and, as Mandeville puts it in his poetical account of the discontented beehive: "so every part was full of vice, but the whole were a paradise... and... living in the comfort in the absence of great vices is a useless UTOPIA" Mandeville ([2000](#)), pp. 4, 13 and 20.

exploitation is one of the consequences. The result has been that, notwithstanding the best intentions of so many would-be liberators, these revolutions have invariably constructed new systems of domination and exploitation. A well known booklet by G. Orwell gives a wonderful representation of such behavior.⁵

This deceit has perhaps reached a terminal point. The conquests of the *open society* have stirred up a great wish in the mind and heart of humanity, a desire for individual freedom. Such a wish, stimulated by subjective feelings and supported by the objective evidence that individual freedom is indispensable for self-propulsive development, will raise a violent wind of renewal in global world, mainly in the immense districts where the individual has never hitherto had importance. Power forms will be the main casualties of the hurricane, which must therefore be violent and promises uncertain outcomes. We have to fear, but not despair. It is possible to do much better within the open society, which constitutes the most brilliant and promising social form that man has built till now. But the feelings and ethical impudence that have given rise to the open society can also wither it, while its frenetic pace threatens to crush humanity, its author, if an institutional, methodological and cultural revolution does not circumvent those feelings and teach humanity the way to govern its pace and direction.

The considerations above oblige us to dedicate a brief reference to the most embarrassing and depressing phenomenon that wraps itself around and within human life: *the evil in the world*. Such a phenomenon has been intensively discussed and analyzed by theologians, philosophers, historians, psychologists, psychoanalysts, etc., but their discussions have been almost entirely in vain, for this is a problem without univocal solutions. In Voltaire's *Candide*, James the Anabaptist says: "It seems that men have partly corrupted nature; they have not been born as wolves but wolves they have become. God has equipped them neither with twenty-four pounder cannon nor with bayonets; but they have built cannons and bayonets to destroy themselves. To this account I could also add bankruptcy and justice that takes possession of bankrupts' goods to subtract them to creditors".⁶ What are the reasons behind so much self-damaging behaviour? A number of philosophers have stated that man is by nature good but human institutions have transformed his natural goodness into instinctive aggressiveness and wickedness; but the reason why human goodness has given rise to such wicked institutions is not clarified. Others take the opposite stance, arguing that human nature is predominantly and irreparably infested by bad instincts, and they deduce from this that humanity must be subjected to vigilant surveillance and governed with cynicism and deceit or at least, and according to Augustin of Hippo, guided toward the *De Civitate Dei*.⁷

⁵See Orwell (2008).

⁶See Voltaire (2006), p. 26.

⁷See Augustin of Hippo (2000).

It seems to me that those arguments are not convincing. History shows, at every time and in every place, that humanity is by nature good and bad, the author of great rushes of generosity and of much greater wickedness. Logic and common sense suggest that such behavioural and existential dualism is an inevitable result of the limitations afflicting human nature. Well, in observing such mixtures of virtue and wickedness, students cannot avoid acknowledging that the human propensity to make mistakes due to our cognitive limitations together with our 'freedom' to make the most atrocious errors is coupled with the human potential to scientifically understand the problems of the world and to so gain knowledge exponentially over time. Such potential is an important means for spiritual and material growth; but to be able to operate it is necessary that men are strictly subjected to the consequences of their actions, that is, are 'responsible' for them; in other words, it is required that in the use of command-power the notions of 'service' and 'responsibility' replace that of 'domination'. Unfortunately, a number of institutions and even ethical principles have been shaped much more under the influence of bad instincts than with the purpose of promoting 'responsibility' and thereby increasing generosity and mutual well being. The notion of 'responsibility', which should be a cornerstone of the studies on social systems and of the teaching of educational institutions, is for the most trampled on and ridiculed. And, alas for the large majority of moralists, 'responsibility' finds systematic applications almost only through the automatisms of the competitive market, their great enemy.

There is a great need of reason where the winds of passions and interests blow with strength, as is the case in social reality. But here it is important to underline the distinction between individual reason, which often acts as the servant of bad instincts, and scientific reason, which represents (as just seen) an important means for the improvement of human conditions but is subject to ambiguity if not based on steady and reliable methodological foundations. Unfortunately, social thought is lacking when it comes to method; largely in consequence of that the role of science in ethics is explicitly denied by the large majority of scholars. In effect (and as Chaps. [11](#) and [12](#) will show), current social teaching is constrained by the strait-jackets of being or daydreaming of what ought to be, and remains distant from any solution of the crucial methodological question for social science: how to combine *being* and *doing*, observational and organizational aspects but avoiding that the second is overwhelmed by the first.

This essay is intended for an audience of rational people, in particular, the vast majority who are dominated by (and suffer the exploitation of) forms of power. It should also benefit those who consume their energies in pathetic attempts of domination; for even if they succeed in such a difficult task, they are forced to wear themselves out even further in defending the paltry privileges they have grasped and to suffer the humiliations inflicted on them by higher-ranked rulers. I take the liberty of reminding my readers who belong to the dominating class of Rousseau's warning: "he who thinks to command others is no less enslaved than them".⁸ The

⁸See Rousseau ([1962](#)), p. 4.

present book is, however, primarily addressed to the following two audiences: scholars and men of action engaged in solving the ever more complicated problems of human societies; and enthusiastic young people, humiliated but not defeated by their vain pursuit of crazy utopias, and whose enthusiasms may be durably brightened only by aid of the torch of some institutional design illuminated by science. T. Nagel has written: “the problem of planning institutions able to warrant the equal importance of every person without charging on individual unacceptable obligations has not been solved yet”.⁹ Here we shall attempt to show that it is possible to organize social systems in such a way that, in Nagel’s terms, both the resulting satisfaction of the impersonal motivations of each individual and the satisfaction of personal motivations will be very high.

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⁹See Nagel ([1998](#)), p. 13.

Chapter 2

The Scientific Frame of This Story

Abstract Social studies cannot abstract from reality, as do mathematics and the logical-formal sciences, for the investigation of reality is precisely their object; yet nor can they adhere strictly to reality, as does the observation-verification method. Put another way, while too great abstraction passes over the object of the social sciences, the ever intensifying rate of social change precludes employment of an observation-verification method based upon the repetitiveness (or, in biology, the quasi repetitiveness) of events. Social reality is the product of the organizational action of man and his inventiveness, yet it is also deeply rooted in the basic content of situation. It follows that the method appropriate to the analysis of social reality must combine the observational and organizational views, thereby encompassing the realms of both being and doing. Moreover, that method must be able to distinguish organizational necessities from choice-possibility and creativeness. This distinction is indispensable if we are to hope to discern the different currents and contributory streams within the flow of social change and capture basic and long-lasting aspects of social systems. In this chapter we identify those basic elements fostering duration and those initiating the propulsive forces of social systems. These elements are denominated, respectively, functional imperatives and ontological imperatives. We also underline the role of long-lasting choices in the history of civilizations. This allows us to make two steps. Firstly, to show how functional imperatives change over long periods, with their nature at any particular moment indicative of a particular historical age. Secondly, to delineate a theory of social and historic processes founded on the operation and interaction of functional imperatives, ontological imperatives and civilizations. Our methodological discussion encompasses also ethical values. These results are in stark contrast to the ethical relativism that contemporary analyses are obliged to embrace due to the innate incapacity of observation verification method to allow a scientific treatment of values. Our methodological approach also takes note of the nature of forms of power and other organizational aspects of social systems.

Keywords Galileian dispute • Social change • Observational and organizational views • Organizational necessities • Choice-possibility • Creativeness • Functional imperatives and historical ages • Ontological imperatives civilizations • Deep confusion on ethics

Chapter 3 Prologue of the Tale

Abstract The prologue gives at first the reasons that have suggested and hence stimulated this research: a list of some main problems that trouble modern societies and underlines the urgency of remedying the growing incapacity of the social sciences to deal with them. The aim is to contribute to the birth of a science leading to the organization and management of a social order able to give solution to those problems. This highlights, among other things, the role and in some sense the necessity of a utopian attitude, but one concerned in a strict confrontation with reality. An attitude, that is, quite different from ingenuous utopianism or utopianism used as a pretext, which have discredited utopia owing to the associated failures and disillusion and new kinds of exploitation.

Keywords Migrations • Unemployment • Fundamentalism • Utopia • Feasible and necessary utopias

Chapter 4

On Landing on the Planet Dunatopia

Abstract An analytical expedient is utilized to illuminate the nature of earthly problems: a confrontation with a twin planet of the Earth that is governed by a more enlightened social science and organization. More specifically, in order to aid comprehension of the arguments of the book we imagine an extraterrestrial society where the development of the social sciences has preceded that of the natural and logical-formal sciences, rather than—as is the case on our Earth—the other way around. Our confrontation between the organizational social forms and respective histories of our two planets points the path forward that we will follow in subsequent chapters.

Keywords An analytical expedient • The twin planet • Initial exploration • Dunatopian culture • A friendly people • A mild nature

Chapter 5

A Brief Historical Excursus on the Evolution of Dunatopian

Society and Its Institutions. Structural Organization and Innovative Dash

Abstract Here we survey and discuss the institutional history of the new planet, which unveils an organizational evolution opposite to and much more judicious than the variegated institutional orders that have been built at different times on our Earth. As it happens, the geography of the new planet favored a rapid and almost complete unification of the country, some few peripheral areas notwithstanding. The initial result was the arising of a bureaucratic and centralized empire, which was distinguished by high stationary efficiency, but unable to develop further. The situation thus attained saw a well-equilibrated but stationary social order constantly threatened by various small but aggressive and dynamic neighboring communities. This threat convinced the ruling class of the empire that it was necessary to subjugate these communities; but this proved impossible. Moreover, the long period of warfare that resulted made evident to this class the fragility of the almost stationary imperial order. Greatly concerned, the emperor established a committee of social science students to investigate the possibility of embodying within the imperial order such institutions and ethical features that were deemed responsible for the surprising dynamism of the neighboring peoples. A great reformation was promoted to incorporate, internalize, and embody the resulting design. It was clearly understood that this reform required development of the following factors: a new role for the initiative of the individual, this being a main source of versatility, diversification and gratification; the decentralization of decisional centers; the ferment of dissent and pluralism; tolerance as opposed to the forced consent, homologation and indoctrination practiced by the hitherto bureaucratic and centralized empire. In a parallel line of its report, the committee urged the importance and possibility of conciliating the structural order, in which the empire excelled, with the innovation, behavioral versatility and motivation of neighboring communities. The above circumstances made it evident to all concerned that the idea of warranting equilibrated relations among sectors is a senseless proposition as it would imply the building of tedious and stationary societies. Some hegemonic sectors must always exist as an effect of the development process in the presence of human knowledge that is limited by definition. Humanity must discover a design that integrates and foster the development of both the calmness of reason and the madness of creative processes.

The evolutionary path of non-omniscient people is characterized by innovative dash followed by structural organization.

Keywords Institutional orders • Centralized-bureaucratic orders • Homologation • Institutional decentralization • Versatility and diversification • Pluralism • Tolerance • Evolutionary push • Innovative dash • Structural organization

Chapter 6

Power Forms and Their Practice in Dunatopia. Service-Power and Domination-Power. Judicial Power

Abstract This chapter discusses the forms of power within societies, the particular modes of which strongly influence the character and behavior of domination forms and the ethical substance of social orders. It is made clear why it is imperative that the treatment of this delicate topic is based on the organizational point of view. The chapter also shows both the absurdity of the observational view in the social sci- ences and the reason why such absurdity persists, which is related to its implicit and supine acceptance of the hegemony of the dominant social classes. The need for a smooth passage from the bureaucratic and centralized or autocratic organization of the almost stationary old empire to a social organization that is able to develop steadily, and without succumbing to the explosive voraciousness of neighboring particularistic communities, obliges us to engage in an accurate meditation on the power forms prevailing in both cases. History shows that whatever the character of the organizational forms of societies, they have always been governed by domination-power, that is, a form of power that feeds subjection, arrogance and dejection. To reverse this situation, we oppose to domination-power the notion of service-power, that is, a power to which correspond functions clearly defined and severely subjected to well defined responsibility criteria for decisions taken and their results. Service-power entails that the discretionary power, which is inevitable in a world troubled by incessant changes, neither implies nor legitimates free will. It is of great importance that social organization rests on the basic notions of responsibility and service. In fact, the notion of service stimulates the sentiment of duty, while responsibility ensures motivation and satisfaction for what an individual does. Service-power is a primary vehicle of morality, efficiency and satisfaction, while domination-power is a main cause of acrimony, discontent and depravity. We underline the abuse of power that afflicts the administration of justice, with a consequent injury of the proclaimed principle of the equality of all

before the law. We also demonstrate the falsity of the defense of the free will of judges as essential to their independence and show that the contrary is true: independence in decisions both implies and generates responsibility for decisions taken, thereby avoiding degeneration in the use of command power. Finally, we highlight that success of the fulfilled functions, as a counterpart of the attribution of responsibility, does not

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Chapter 7

The Planetary Political System of Dunatopian Society

Abstract Further deepening of our reflections on the question of power must primarily concern political power, the supreme form of power entitled to use a binding force to impose the respect of law. Only elementary and primitive societies may dispense with this supreme command power and trust in the guiding power of tradition, the so called ‘power of society’. Those philosophies proclaiming the extinction of state power are senseless. The real problem we face stems from the need to control political power. To this end, we need to consider state power from the perspective of the transformation of rude forms of domination-power to service-power; a transformation that, as far as I am aware, has never been properly considered by social thought. For social thought has at most predicated the abolition of power—a statement that, due to its impossibility, has represented in practice the best possible intellectual defense of domination-power, the hegemony of which is reinforced by the observational methodology that induces people to accept domination-power under the strength of the observation of the continual presence of such a power in history. A substantial way of controlling political power seems to be offered by the notion of ‘popular sovereignty’ as the expression of a so called ‘general will’. But to give strength to such a notion it is necessary to define in a scientific (objective) way the content of the presumed general will. This is possible if we take recourse to the notion of organizational necessities, as expressed by functional imperatives and the associated social order. Note that such idea of the political power is something different from the notion of democracy. Democratic procedures concern choice possibility, not organizational necessity, which latter is rather a matter of science. The assertion that *consensus facit iustum* may cause great equivocations: the dominant classes can persuade people to give consent to the violation of important organizational necessities if they contradict the interests of those classes. This chapter continues with the presentation of an organizational design that concerns

political order and process, government action, legislation, and vigilance as to the coherence of the whole institutional order.

Keywords Political power • Power of society • State power • Popular sovereignty • General will • Democracy • Political order and process • Government action • Legislation

Chapter 8

Dunatopian Economic System

Abstract At center stage of this chapter stands what may be denominated the ‘separation principle’; that is, the principle of the separation of production from the decisions and conflicts concerning income distribution. Such a separation prevents those conflicts from harming efficiency in the use of productive resources and enhances solidarity and social justice. In particular, the implied abolition of company wages (with the exception of material incentives on overtime work) makes it possible to erase exploitation and enable the achievement of full employment. A profound reform of the financial system is also delineated, aimed at preventing crises caused by financial speculations mainly at the international level, and aimed also at ending the present dependence of production on the hegemony of finance. In this chapter, the role of the entrepreneur, the profit rate and dynamic competition are highlighted. Here the importance of the rule results-responsibilities for the efficiency of the economy is greatly in evidence. We insist on the notion of the market used and intended as a pure mechanism for the imputation of costs and efficiency, and hence purified of acquisitive selfishness; thereby combining altruism with a sound competitive spirit.

Keywords Separation principle • Solidarity • Social justice • Exploitation • Entrepreneurship • Profit rate • Dynamic competition • The market • Results-responsibilities • Financial system

imply technocratic degeneration; in fact, political functions do not properly need technical competence, for they concern ends (i.e. ethical-ideological options) not means, to which technical competence refers.

Keywords Forms of power Domination-power Service-power Responsibility
criteria Free will Judicial order (independence of judges versus their free will) •
Technocracy

Chapter 9

Non-market Productive Activities and Other Aspects of the Dunatopian Social System

Abstract Public goods and services do not generate a market demand and a price system. For this reason, control of efficiency and responsibility in their production and distribution is subject to a number of difficulties. However, this handicap can be partly surmounted in a variety of ways, such as, for instance, cost-benefit analyses of infrastructures. In the case of semi-public services, such as health and educational services, which are characterized by individual demand but, also, by the myopia of utilizers, public preferences provide a weak help in determining the degree of efficiency and responsibility; this difficulty is, however, lower in educational and welfare services, wherein consumers' ability to judge is higher than in other fields. In short, different criteria for the control of efficiency and responsibility must be defined in the various fields of public administration. We dedicate attention to possible solutions.

Keywords On public goods and services • Semi-public services • Efficiency in public administration • Waste and inefficiencies • Responsibility

Chapter 10

The Reasons Why the Ideologies, Political and Economical Institutions and Public Interventions on Earth Obstruct the Building of a Supranational Order

Abstract In this chapter the need for a supranational order and some international political authority is highlighted. This need derives primarily from economics, which is increasingly characterized by an international breath. We emphasize the growing hegemony of the financial side of economic life, a hegemony that is fostered by the political fragmentation of the world, and which generates speculation, crises, growing disequilibria and fraudulent actions associated with financial power. A scientific treatment of the institutions required by the present historical age, which is a main object of this book, will be of great value, and will prove indispensable in stimulating the building of international agreements and institutions in the face of the increasing interconnections among the regions of the Earth. Such a treatment, and the related international actions, is indispensable if we are to overcome the present organizational degenerations associated with the main form of international power: the hegemony of finance capital.

Keywords Supranational order • Financial power • Speculation • Hegemony of financial capital over production • International agreements and institutions

Chapter 11

On the Methods of Science on Earth and on Dunatopia

Abstract This chapter brings into focus and deepens our treatment of what we consider, from a scientific point of view, the main problem afflicting the present social world: the question of method. We underline the erroneousness of the assertion as to the uniqueness of scientific method and clarify the reasons why it is not so, namely, the completely different constitutive character of social from natural reality, the first being a human construct, the second a predetermined and relatively steady order with which men interact. Social reality is, in one sense, at the mercy of the constructive and creative behavior of humans, and this points to the need for an organizational view in both the management and the study of such a reality. Man is the author of social changes and hence can penetrate the reasons for them; yet a merely observational method cannot but fail in this regard. We return but now deepen the exposition in Chap. 2 of the most appropriate methodological approach to social studies and provide an extended discussion of the usefulness of this method in clarifying the frequent methodological misunderstandings that afflict the social sciences today. Clarifications of the confusions associated with both spontaneity and revolutionary attitudes are provided, together with some interpretation of social reality and history.

Keywords Method of social sciences • Social reality versus Natural reality • Human creativeness Organizational view as appropriate to social reality Against spontaneity and revolutionary attitudes

Chapter 12

The Ethical Problem on Earth and on Dunatopia. Ethics and Religion

Abstract Confusion over the appropriate method of the social sciences has aggravated the social dimension of ethical questions, which have become confused, controversial, and, indeed, a true value-ideological puzzle. The chapter presents an overview of the current confusion on ethics, its main causes and its implications. It is noted that use of the observation-verification method puts ethics outside science, for such a method is unable to provide a scientific explanation of values. The result of this exclusion is the so-called doctrine of ethical relativism, which assigns a free choice with regard to values, a position only contradicted by the no less antiscientific claim that ethics is an object of faith. One result is that ethics becomes one of the exacerbating causes of conflicts among people. Making use of our notions of functional and ontological imperatives, this chapter criticizes some of the main sociological treatments of ethics, most notably those associated with the notion of natural rights and utilitarianism, but also some aspects of later Christian teachings and capitalistic ideas as well. A reinterpretation of the so-called secularization movement is offered. We unmask the idea that, in ethics, everyone has reason for his choices from his own point of view, and we demonstrate the erroneousness of any explicit renunciation of the possibility of providing scientific explanations of ethical problems.

Keywords Ethics • Ethical relativism • Ethical absolutism • Ethical objectivism (the scientific explanation of fundamental ethical values) • Natural rights • Utilitarianism • Secularization movement

Chapter 13

On the Transition from Capitalism to Dunatopism

Abstract This chapter presents a summation of the themes and arguments of the

book. The possibility—and the significance—of building on Earth an economic and social system similar to that described on our hypothetical twin planet is investigated. We consider such a construction project in light of important institutions and well established forms of civilization operating on Earth, as well as the territorial and social disequilibria, injustice and frauds that increasingly afflict our terrestrial societies and which are stimulated by the play of power, interests and speculations of financial capital within our international planetary order. The possibility—indeed, for many aspects, the necessity—of devising means of transition are highlighted, and such practical solutions are contrasted with the disarming contents of utopian tradition and the fertility of some religious teachings. The conclusion that results from this comparison emphasizes the crucial importance of the forms of power in giving substance to the necessary transition towards a more comfortable landing.

Keywords Financial capital • International planetary order • Utopian tradition • Some religious teachings • Forms of power • Towards a more appropriate social order

Chapter 14

Conclusion

Abstract Some concluding remarks are displayed here, concerning listeners' questions on the technology of the discovered planet and the attitude of its people toward nature. An exhortation to give diffusion to my report on extraterrestrial society, notwithstanding the possible dissent of social students, is added. The role of 'Folly' in the life of human societies, through the stimulus of creativeness as underlined by Erasmus of Rotterdam, is acknowledged. But we also underline a parallel necessity that such a role is flanked by the organizational attitude and the 'reason' of humanity so that to avoid the numerous disruptive follies that have afflicted our Earth during history.

Keywords Dunatopian technology • Genetics • Environmental science and balance

Appendix

An Overview on Some Methodological Equivocations of the Social Sciences

Abstract The appendix underlines the evolutionary character of social reality and, hence, of social science: an evolutionary motion punctuated and propelled by institutional features and development. Nevertheless, the evolutionary theory that we proceed to delineate is completely different from that propounded by biologists, and we are compelled to criticize forcefully the frequent applications of Darwin's teaching to theories of society. A sub-section of the appendix develops a critical analysis of economics, the so-called queen of the social sciences. It is shown that the most famous and admired economic theories are afflicted and made misleading by fundamental methodological misconceptions. Finally, a farsighted intuition of Medieval Christian social thought is highlighted; an intuition that has hitherto been submerged by the extension of the Galileian observational-experimental method to the study of social reality.

Keywords Evolutionary institutional social theories · Darwinism · Lamarckism · Schumpeterian and neo-Austrian · Economics, the queen of social sciences? · The organizational view of the Medieval Christian thought

Introductory note

The development of social thought is mainly governed by certain mainstream methodologies that, notwithstanding diffuse criticisms and dissatisfaction, have in recent years reinforced their domination. For (as we know) the prominent status of mainstream thought rests upon the accurate and clever use of the following well-consolidated methodological approaches: the method of observation- verification typical of the natural sciences, the abstract-rationality method typical of logical-formal sciences, some intelligent use of the organizational view, and their combinations. These mainstream methodologies have their origin, in the main, outside of social thinking. They are responsible for misconceptions concerning important traits of social reality, which have in turn sowed the seeds of a multiplicity of alternative proposals on method currently assembled under the denomi-

nation of heterodox social thought. But innovative heterodox efforts have failed to establish an alternative and unitary methodological approach (or paradigm)¹ appropriate to the investigation of social reality; on occasion they have even seen the profession of an explicit refusal of method. The result, at the present moment, is a patchwork of 'heterodox' methodological proposals and interpretations, a veritable Tower of Babel that vainly challenge mainstream.

The recent harsh conflict between heterodox social students of AFEP (Association Française d'Économie Politique) and orthodox social students² (as well as others and increasingly frequent academic disputations) is a case in point. The former defend pluralism on method as a source of innovation, while the second condemn pluralism in the name of scientific rigor and progress. Both positions are partially wrong. In fact, pluralism, if it is to be fecund and promote scientific progress, needs some general methodological rules allowing dialogue among students and appreciation of new proposals; but these general methodological rules cannot be borrowed from the methods of the natural and logical-formal sciences, as orthodox students claim, for such methods are inappropriate to social reality. My analyses on method aim at providing a solution to such a dilemma and moving beyond this significant blind-alley.

A large number of heterodox approaches, and certainly the most intriguing of them, are inspired by the evolutionary and institutional perspectives and refer mainly to economics. In fact, efforts to build a new paradigm on an evolutionary foundation were strongly stimulated by the publication, more than thirty years ago, of a well known book on economics by Nelson and Winter. But the original inspiration of evolutionary economics was Schumpeter's teaching on innovation and entrepreneurship and the Neo-Austrian teaching on spontaneous processes and radical uncertainty. Also the institutional aspect has been an important source of inspiration and meditation, for instance in the so-called New Institutional Economics, and is largely associated to the evolutionary perspective.

It is our conviction that the combination of institutional and evolutionary views provides the most likely candidate to provide a fecund methodological tool for the study and interpretation of social events. In fact, such a combination is mainly concerned with the understanding of social change and the way to organize society and to build up its institutions. In other words, the organizational and institutional character of society influences in a decisive way the pace of evolutionary change; while the sedimentation of changes requires the edification of new institutions and organization, just as the expression institution-evolution implies.

¹The term 'paradigm' is common; but we consider equivocal the notion of paradigm and prefer, in this matter, Lakatos to Khun (see Esked and Fusari 2010, 2014).

²The conflict is, at present, centered on the request/negation of the establishment in French universities of a chair on Economy and Society.

Institutional-Evolutionary Social Thought Versus Mainstream Social Thought. Why the First Has Been Unable to Defeat the Second, Till Now, But Has Rather Contributed to Increase the Methodological Confusion Afflicting Social Sciences

The current inability of the institutional-evolutionary perspective to express these potentialities is impressive. Such a perspective has been submerged by and, indeed, also integrated in the patchwork of methods distinguishing heterodox social thought; as a consequence, its challenge to the mainstream has failed. This has been frankly recognized by a recent special issue of the *Journal of Institutional Economics* (vol. 10 no. 4, December 2014) devoted to the question.

Probably the best way to provide a quick clarification of the main reasons for the failure of institutional-evolutionary approaches is to consider Hodgson's position on method and, in particular, his recent book, co-authored with Knudsen and entitled 'Darwin's Conjecture'. The two authors base their proposal on method principally on a strict use of Darwin's theory of evolution. We shall show that this precise theoretical inspiration largely undermines the explanatory potentialities of the institutional-evolutionary view and is a main cause of the inability of such a view to build up a paradigm alternative to the mainstream. Hodgson and Knudsen, in order to make their analyses stringent, begin by outlining, as the kernel of their proposal, the so-called Generalized Darwinism, that is, Darwin's basic succession: variation-replication (or inheritance)-selection. The authors accompany this generalization with some secondary specifications aimed at increasing the adherence of the Generalized Darwinism to the content of social reality. We shall see that the real problem is the methodological inappropriateness to social reality of the Darwinian succession variation-replication-selection, an inappropriateness that cannot be mitigated by addition of details.

Hodgson and Knudsen claim: "All these writers [Mandeville, Hume, Smith, etc.] pointed to the emergence of undesigned social orders and institutions that result from individual interactions. This was a highly significant but incomplete step. Writers such as Mandeville and Smith did not explain how the individuals and their dispositions had themselves evolved.... Darwin (2006) filled these gaps with the principle of selection".³ These are some very illuminating passages when it comes to the fundamental flaw of 'Darwin's Conjecture'. Let us see.

The spontaneity hypothesis embraced in such book reduces the role of the organizational—institutional aspect. Of course, I do not deny that the birth of institutions may be the result of selection processes in the context of spontaneous behaviours and, hence, that Darwinism, generalized or not, can provide some useful insight also in social studies; but the benefits are very minor in comparison to the

³See Hodgson and Knudsen (2010), pp. 31 and 32.

misconceptions that is liable to cause. The problem is that Darwinism substantially ignores the voluntary creation of institutions in the context of the organization and building of human societies. Indeed, strictly speaking, the Darwinian approach should be referred only to animal life, not to human life. The study of the latter must be explicitly and strongly concerned with the organizational aspect. The concentration of the authors on Darwinian Conjecture, which inclines to substantially erase the first term of the institutional-evolutionary perspective, is rather surprising, not least because Hodgson's other writings place great emphasis on institutions.

Let's insist in underlining that Hodgson and Knudsen's addition of details to Generalized Darwinism are scarcely relevant. This is not a case of details devoted to the making of the basic kernel of Darwinism adhere more closely to social reality. Such a kernel is, in itself, inappropriate to social reality; except in that case where society acts in substantially spontaneous ways and institutions result from the so called 'invisible hand', with private vices intended (following Mandeville) as public virtue, a rather defeatist perspective on the becoming of human societies. Such statements as "Darwinism here is unavoidable" and "The Darwinian framework has a high degree of generality and it always requires specific auxiliary explanations"⁴ are misleading.

For further clarification, I add some other reference, mainly concerning what I call details: pages 48–51 of Hodgson and Knudsen's book treat intentionality and its explanation, the role of belief and preferences, and their evolution. On page 48 the authors recall Darwin's statement that "animals possess some power of reasoning"; and also underline the ability of Darwinism to explain individual agents' purpose and to consider their ability to plan their action. But the authors add: "It is simply that they (i.e. individual agents and organisms) do not plan or predict the overall outcome with others, and it is often very difficult for them to do so". Well, the real problem is here. I can accept that, in many important aspects, there is between humans and other species of animal a quantitative and not qualitative difference. Furthermore, *with reference to stationary or quasi stationary societies* I can accept as useful what the authors have to say on intentionality, artificial and natural selection, and so on; I can even accept some mixture of Darwinian and Lamarckian approach and the use of the observational method in the sense that it is used by biology. The real problem arises when and where human societies start to experience an increasingly accelerated evolutionary motion, and hence a growing non-repetitiveness and radical uncertainty. This accelerated evolutionary behaviour comprises a situation basically different from any evolution of animal species, making the observational evolutionism inappropriate. I pose two basic questions concerning such a situation, and I invite the reader to meditate on them with great attention:

- (a) Why are some societies able to experience a rapid evolutionary motion while others remain for centuries and millennia imprisoned in a stationary or quasi-stationary state?

⁴See Hodgson and Knudsen (2010), p. 40.

- (b) What methodological problems are generated by the interpretation of a reality characterized by growing non-repetitiveness that makes plainly inadequate observational method?

The first question (a) points to the importance of considering the notion of *civilization forms* (which are largely creative constructions), and precisely the presence or absence in the considered civilization of what I call *ontological imperatives*, that is, institutions, ethical values, etc. favorable to the expression of the evolutionary potentialities of human beings. Here the importance of the institutional aspect side by side with (and as the engine of) the evolutionary one becomes evident. Chapter 8 of Darwin's Conjecture tries to give a partial answer to question (a) through some reference to habits, culture, language, writing, customs, law. But I do not see the usefulness of imprisoning such an effort in the Darwinian approach. For its part, the second question (b) points to the necessity of a method that permits understanding and managing society notwithstanding its rapid evolutionary motion; that is, the necessity of establishing a method able to capture those basic long-lasting institutional pillars (and reference points) that I denominate *functional imperatives*, which depend mainly on the general conditions of development. Here, again, the connection between the institutional and evolutionary sides appears central. Well, clearly both questions (a) and (b) show the need for a methodological approach completely different from the observational one (that is, with completely different postulates and rules); I attempt to delineate this approach in Chaps. 2 and 11, and much more accurately in Fusari (2014).

The notions of functional and ontological imperatives, their institutional substance and implications even on ethical values (ethical objectivism), the importance of the relations between civilization, functional imperative and ontological imperatives for the interpretation of history (see the graph in Chap. 2)—none of this can be considered by Generalized or less Generalized Darwinism.

Hodgson and Knudsen also write: "All social scientists relying on this framework will be forced to take history into account".⁵ Certainly, this is implied by the spontaneity view, but 'history' is so conceived merely in an observational sense, that is, almost completely excluding the organizational aspect, notwithstanding that this last is fundamental for understanding specifically *human* history, which differs substantially from the merely spontaneous motion of animal species as spanned by accidental variations followed by extremely slow and long-lasting selection processes. The presence and action of intelligent decision-making marks the difference between the social and the natural world; a difference implying, for instance, the inappropriateness of the standard heterodox criticism of the mainstream notions of optimization and rational choice. Of course, the absence of any consideration of radical uncertainty (at most substituted by probabilistic uncertainty) in the neo-classical notions above must be strongly criticized. But the criticism in principle of those notions operates, in practice, to the advantage of the current mainstream since

⁵*Ibidem*, p. 44.

that criticism simply opposes to this a substantial, even if for the most part not declared, spontaneity view.

Let's recall, at the expense of a little repetition, some aspects of our theory of social and historical processes that strongly underline the importance of the organizational aspect for understanding the historical development of human societies. Our method highlights the great importance of the presence, in civilization forms, of the institutions implying what we call ontological imperatives, that is, organizational features stimulating the evolutionary potential of human beings, the ability of humans to innovate and evolve. A civilization rich in ontological imperatives will stimulate evolution, while the absence of such imperatives condemns societies to extremely low evolutionary processes. We have demonstrated elsewhere all this in some detail through a weighty historical analysis of societies: from the primitive stage, through the stationary civilizations of great bureaucratic and autocratic empires, to modern dynamic societies.⁶ Generalized or less generalized Darwinism completely omits these crucial aspects.

Another primary organizational category concerning social evolution is what we call functional imperatives, that is, organizational necessities corresponding to the general conditions of development distinguishing different historical ages and resulting from the sedimentation over time of successful innovations. A crucial task of social studies is to define, on the basis of the long period behaviour of the general conditions of development, these basic necessities: that is, organizational requirements that the evolutionary thinking ignores but that nevertheless provide interpretative pillars of great value if we are to guide the organization of human societies the complications caused by increasing social change notwithstanding. For when considering the processes of social evolution, organizational necessities are important interpretative pillars that help us to guide the human organization of society, notwithstanding the complications caused by increasing social change.

Civilizations, ontological imperatives and functional imperatives should be some of the main fruits and contents of a profitable methodological view; an approach, that is, that combines observational and organizational aspects. The course of social and historical processes is mainly characterized and explained in terms of innovative dash followed by structural organization, this synthesized mainly by the notions of ontological and functional imperatives and civilization. These processes take a true institutional-evolutionary semblance. Let's give a sketch of the basic interpretative succession that our approach opposes to the Darwinian succession variation-replication-(or inheritance)-selection (even when including additional details), and to other views. Our interpretative succession is: *degree of presence of ontological imperatives in the civilization form of the considered social system—intensity of innovative dash—diffusion of innovations and collateral process of structural reorganization devoted to restoration of organizational coherence (a process that places center stage the definition of new functional imperatives)—new innovative dash, etc.*; a cyclical process, indeed. I have done much to expose and

⁶See A. Fusari, *The human adventure*, SEAM Rome, [2000](#).

verify this interpretative approach in numerous studies on economic and social development and the interpretation of history.⁷

Some other examples useful for clarifying the difference between our approach and the current social evolutionism can be set out. Think of the crucial question of power. What can it teach us in the matter Darwinism, Lamarckism and other evolutionary approaches? Schumpeterian, neo-Austrian and, more generally, all observational methodologies recognize and so are able to consider only domination-power, generated by and operating in the context of more or less brutal processes of selection. Such methodologies are unable to define and inspect the important notion of service-power (see Chap. 6). More generally, what can the above approaches teach concerning ethics? Darwin's Conjecture and the spontaneous view of social reality cannot teach us anything here; they dislike and substantially avoid the topic, embracing instead so-called ethical relativism, in compliance with the hegemonic presence of this in social thought. Thus he who wants to meet the question of ethical values in coherence with Darwinism is obliged to found his values on the brutal phenomena of the struggle for existence.

Besides, the current institutional-evolutionary approaches are unable to recognize the organizational practicability and importance of the separation, in economics, of the side of production from that of the distribution of wealth; a separation crucial for ensuring: organizational efficiency, full employment and social justice, as widely discussed in Chap. 8. In the introduction of such chapter, footnote 1, we recognize that the idea of 'separation' (a very important intuition for the analysis of economic institutions) comes from Pasinetti. My book on Methodological Misconceptions in the Social Sciences dedicates, mainly in Chap. 3, Sect. 9, a wide and critical deepening to the fecundity of such insight.⁸ Pasinetti's principle of 'separation' was initially expressed in his contribution entitled 'Economic Theory and Institution', for the 1992 EAEPE Conference in

⁷See Fusari (2000) and (2014), Eskedt and Fusari (2010), Fusari and Reati (2013).

The bifurcations, catastrophes and singularity theories attached to the study of non-linear systems of equations with multiple solutions (see Thom 1985) may seem to raise some doubts on the disequilibrating/re-equilibrating process delineated above. I think that social students may consider, in a long run perspective, this argument as a mathematical joke and hence give no importance to the related transformation process. The bifurcations etc. occur as a part of well defined qualitative geometrical structures. But a substantial part of the development process, precisely the innovation-adaptation (innovation-structural organization) mechanism above implies, mainly through appropriate changes of structural parameters, the return from disorder to order; and this is, after all, what matters.

⁸Let's give a brief quotation from my book on Methodological Misconceptions: "An important merit of Pasinetti's idea of 'separation' is to provide a precious analytical tool for distinguishing necessity from choice-possibility in the organization and management of social systems.... Unfortunately Pasinetti's formalization places important institutional 'necessities' on the right hand side of his 'separation' between the 'natural system' and the institutional aspect, as they are intended as non-fundamental. But, as just noted, institutions are now to be seen as appearing in both fields, that is, in both the field of 'necessity' and that of 'choice-possibility'. See Fusari (2014), pp. 99 and 101.

Paris (with some extensive comments by G.M. Hodgson and A. Reati),⁹ and was resumed with improvements in Pasinetti (2007). But, with my great surprise, neither the book ‘Darwin’s Conjecture’ nor two Hodgson’s articles published in the *Journal of Institutional Economics* (vol. 10, no. 4, 2014) with attached two very detailed lists of references, give mention of such fecund Pasinetti’s contribution to institutional and evolutionary economics. The method that we suggest seems to allow a profitable combination between the institutional and evolutionary aspects, observation and organization, being and doing. I dare say that the methodology we propose is a valuable candidate in social thought, with the potential to replace the inconclusive patchwork offered by current heterodoxy and the astute but no less misleading orthodox methodological combinations.

A Criticism of the Methodological Foundations of the Supposed ‘Queen of the Social Sciences’ Economics and Political Economy

G. Lunghini has written: “in economics the paradigm that in the course of time follows another one is not necessarily progressive, in contrast to the other sciences”.¹⁰ Why does this happen? I have concluded, after careful reflection (and I think I have shown) that this arises from great equivocations in relation to method. As we know, the methods that the main schools of economic and social thought use are two: the experimental-observational method, born from the study of nature; the method of abstract rationality typical of the logical-formal sciences; or some combination.

Neither the Neoclassical model, centered on such notions as utility, homo-economicus, equilibrium prices, and so on, and the Classical-Marxian approach, centered on the notions of surplus, labor value, social classes and social struggle, are able to provide useful teaching and knowledge on the organization of economic and social systems. The two models generate serious misunderstandings in the matter, albeit for opposite reasons: the very idea of deriving such knowledge through the mere observation of factual reality; the claim to derive knowledge from senseless abstractions.

In the Neoclassical model of the general equilibrium, history does not matter; the formalization of such a model is inspired by Newtonian astronomy and, more generally, by the criterion that I denominate ‘abstract rationality’, typical of the logical-formal sciences. The ‘realism’ of postulates is disregarded and basic economic variables such as radical uncertainty, the entrepreneur, the profit rate

⁹See ‘*The Political Economy of Diversity. Evolutionary Perspectives on Economic Order and Disorder*’ Edited by R. Delorme and K. Dopfer, Edward Elgar, 1994.

¹⁰See Lunghini (2015).

(properly understood, that is, not simply as a surplus or a rate of interest on capital), are ignored. For its part, Classical-Marxian economics has been built up through analysis of the functioning of capitalism.¹¹ So, in Classical and Marxian thinking history matters too much, that is, historic observation conditions the whole theoretical construct, while such thinking is unable to provide lessons as to the organization and rethinking of social systems. As previously seen, Marx attributed an organizational role to the ‘imagination of history’, which indeed produced in due time the degenerations of ‘real socialism’. In short, both Classical and Marxian economics are strictly observational constructs. But while classical students have the propensity to underline, on the basis of historical observation, the virtues of capitalism, Marxian thought, born in a successive historical phase, mainly insists on the limits and contradictions of capitalism and, due to Marx’s strong dedication to the interpretation of history (following the methodological observationism), is liable to generate misinterpretations and deceit out of that strict observation.

Turning to more recent times, we find Sraffa’s Neo-Ricardianism damaged by over-simplification and sharing with the Neoclassical model of the general equilibrium an unconcern for the realism of postulates. Sraffa’s main critical contribution concerns the aggregate function of production and the ‘reswitching of techniques’; but these contributions do not affect the logical rigor of Walrasian microeconomics. Moreover, Sraffa ignores, no less than does Walras, radical uncertainty, entrepreneurship, expectation, innovation and the resulting phenomenon of ‘dynamic competition’, as well as profit properly understood.

A much more profitable position on method was developed by Keynes, and is distinguished by the explicit conjugation of the observational and organizational aspects, being and doing. Keynes starts with the demonstration of a very important phenomenon, ‘the deficiency of effective demand’ (through profound reflection on the phenomena of uncertainty, entrepreneurship, and expectations). The work of this author contains important lessons on the organization of social systems (welfare state, deficit spending, etc.) that have propitiated fortune and made possible the advent of a true golden age of capitalism with regard to social justice, welfare politics, employment, and the dynamics of wages.

Unfortunately, the principle of effective demand is only one of the realist postulates that should inspire and lead the organization of the economy. This limitation has condemned Keynesian teaching to great distortions. In particular, the abuse of deficit spending, a formidable instrument of social consent and a useful tool to attenuate social conflict, has promoted a growing public debt; and this in turn has favored the advent of a different and opposite situation than that treated by the principle of effective demand; has generated, that is to say, a situation in which production is disturbed by high taxation, waste and inefficiencies in public administration. And the result is an irresistible push toward restrictive policies, with

¹¹G. Lunghini writes: “Economics is born as science of capitalism”. See Lunghini, *Ibidem*, p. 3.

a consequent fall of investment, production and the demand for goods. We see, therefore, that the organization and management of the economy need much more than the inspiration of the principle of effective demand.

This confusion on method allows mainstream economics, through clever even if fictitious adjustments (which include the pretense of incorporating Keynes as a special case, the idea of rational expectations, and the introduction of technical progress to the function of production), to preserve its dominating power.

The organization of the economic system must be such as to meet three main exigencies: productive efficiency, social justice and full employment. These exigencies require the theoretical and practical 'separation' of income distribution, with its related conflicts, from the firm, as we have clarified in Chap. 8. But, contrary to this, Neoclassical and Classical-Marxian economics, as well as Sraffian and Keynesian economics, are all based on the hypothesis (suggested by the observation of historical events) that income distribution takes place largely inside the firm. And there is the rub. In fact, the modality of income distribution described above prevents the requisite engagement with these three exigencies. Such a distribution modality is an indispensable constituent part of capitalism, but it is not necessary that it must be so.

The observational method states that the market, the entrepreneur and profit (often identified with the interest on capital) are merely capitalistic organizational institutions. These institutions were disliked by 'real socialism', which therefore attempted the elimination of the market and the entrepreneur; but in doing so generated organizational contradictions worse than the capitalist ones. For their part, social democracies and self-management have held that income distribution should be largely determined inside the firm; but, in this way have fallen into the organizational contradictions underlined above.¹²

Chapter 8 shows that the market, the entrepreneur, economic decentralization and the rate of profit (this to be conceived distinctly from the rate of interest on capital, that is, as a fundamental indicator of the degree of success of the entrepreneur's action, but considered apart from its attribution) are all indispensable in modern dynamic economies. But it also demonstrates the importance of overcoming their capitalistic contents, that is, their links with income distribution, in order to make possible the achievement of full employment and social justice, and to avoid the hegemony and great degenerations of the international financial system, etc. These theoretical developments need a method that combines the observation and the organization points of view, and which is able to distinguish

¹²J.S. Mill was the only economist that tried to escape this confusion. He asserted the independence of income distribution from production, *underlining that the second is submitted to natural laws and technical requirements, while the first is a matter of choice*. But he did not prove such an assertion and this has allowed Neoclassic economists' pretension to prove the dependence of income distribution from production that has caused diffuse prejudices on the organization of the economy.

‘necessity’ from ‘choice-possibility-creativity’ in the organization, interpretation and management of social systems. More specifically, it needs a method that allows the identification of long-lasting aspects and organizational pillars of social systems, primarily by way of the notions of ontological and functional imperatives and the notion of civilization forms. This is crucial if we are to be able to understand and manage social systems despite their growing non-repetitiveness caused, in the main, by the technological and scientific progress of modern societies. But this refers to the first part of this Appendix and to Chaps. [2](#) and [11](#).

Considerations on Christian Social Thought From Galileo to the Encyclical *Laudato si*

It may be of interest to underline some affinities of our proposal on the method of the social sciences and the Medieval Christian thought, which attributed a great importance to the organizational aspect and, in a sense, to the combination of being and doing. Christian teaching has insisted, from its origin, on some very important ontological imperatives, often specified by Gospel: the role of individual, his dignity and the respect for his autonomy and creativity, tolerance, social justice, the notion of service-power, even though those principles were often confined, in the practice and sometimes due to opportunism, to the spiritual sphere. Moreover, these fecund positions were damaged by some connected shortcomings, e.g. Aquinas’ insistence on the labour theory of value and its presumed ethical substance. But

B. Forte has written: “the archaic world and also Greek culture did not know the infinite dignity of the person as a unique and singular historical subjects” (see B. Forte [1991](#), p. 12).

The vicissitude of Christian social thought is indeed very instructive in relation to the deceitful power of methodological equivocations.¹³ A profound lacuna afflicted the Roman Church’s organizational view on society: an absence of a distinction between ‘necessity’ and ‘choice-possibility-creativity’, which distinction (as we know) is a true backbone of the organizational view. In consequence, the beginnings of medieval dynamism as a result of the initiative of the capitalist entrepreneur and the capitalist market induced the Roman Church to profess great hostility to three of the basic institutions required by economic dynamics: the entrepreneur, the market and the profit, which it saw as vehicles of exploitation and corruption. The inquiry on the organization of human societies ignored (and still ignores today) the fact that, while the entrepreneur, the market and profit rate (this intended distinctly from the interest on capital and as an account-ability variable, that is in its monitoring role of indispensable indicator of the degree

¹³For better clarifications on this topic see Fusari ([2014](#)), chapter 10, section 10.6 entitled ‘Further considerations on religious social thought: faith and reason’.

of success of the entrepreneur's action but apart from its attribution) are indeed organizational necessities of dynamic societies, their capitalist content simply expresses a choice of civilization.¹⁴ In other words, a primary recommendation of the organizational perspective was ignored: the 'separation principle' between the firm's productive activity and the side of income distribution, with the implied notion of the market as 'a pure mechanism of imputation of costs and efficiency' (see Chap. 8); that is, the market as distinct from its capitalist content.

This confusion establishes a real impotence in the face of capitalist exploitation; it very much contributes to the survival of capitalism as it makes its abolition resemble the throwing out of the dirty bath water (capitalism) along with the baby (that is, the market and the entrepreneur) with very negative consequences on the dynamic motion of modern societies. In fact, this senseless opposition on the part of Roman Christianity against the entrepreneur, the market and profit intended as stamped with an inevitable capitalist imprint, was counteracted by the Protestant ethics (emphasized by M. Weber), which gave a push to the capitalist spirit. This has resulted in an erroneous observational imprint on the organizational view, that is, an imprint absent from which is the distinction between the organizational necessities of the phase of social historical development in action and the rising civilization form.

In addition, Christian thought pretended to extend the organizational view also to the study of nature, that is, it intended to penetrate the reason why God had created the natural world as it is; a senseless pretence that, due the unfathomable character of divine will, allows the designation of paralyzing organizational forms of human societies in the name of faith. Galileo demonstrated the inappropriateness of such an organizational view for the understanding of the natural world and substituted for it the observational view: a position strongly opposed by the Roman Church for a long time.¹⁵ In the end, the great practical and theoretical success of the observation-verification method for the study of natural phenomena gave rise, by imitation, to a hegemonic extension of the observational method also to social

¹⁴Some effects of misconceptions in this matter are illustrated by the vicissitudes of Italian managerial public firms operating in the market. Initially these firms, under the guidance of great managers, performed very profitable actions in the service of the national economy. But more recently a total disregard for the monitoring role of the profit rate has had very negative effects: instead of producing profits to the advantage of the national budget, public firms have started to 'achieve' ever greater losses, covered through the provision of large endowment funds (end hence public debt) by the state. Meanwhile, the guidance of public entrepreneurs who are loyal to those politicians who have secured their nominations and very high rewards, but lack entrepreneurial skills and attitude, has ensured that the inefficiency of those firms has reached scandalous dimensions.

¹⁵When I was a very young man living in a village near to L'Aquila, the missionaries, who every year came to give sermons in the parish church, opposed with animosity Darwin's teaching concerning biology and even sympathized with the doubts of old people on the movement of rotation and revolution of the Earth. I was scandalized by such an attitude, which made me suspicious of religious thinking. A suspiciousness that persisted till 25 years ago, when my deep historical studies on societies, civilizations and religions existing or once existent on Earth convinced me that Christian religion has been much more favorable than other religions to social development.

sciences: an extension that was helped by the (just considered) ambiguous observational inclination of the organizational view and that has represented a very unfortunate and misleading event indeed.

These methodological misspecifications have deprived the organizational view of Christian social thought of the ‘separation’ principle, with its enormous power to promote social justice and to warrant the role of the domestic and international financial systems of servants, instead of *masters* of production, that is, putting capital at the service of production, not vice-versa (see section “[The Financing System of Firms, the Abolition of Interest Rates and the Principle of Effective Demand](#)”, in Chap. 8). The great importance of the above possibilities and perspective for the ecumenical action of the Roman Church and other religions, mainly in underdeveloped countries, is evident; yet such potential actions are opposed by various contradictions and derided as mere utopianism by the dominant, but theoretically impoverished and at times servile social thought of our day. There is more. The methodological equivocations underlined here leave a deep imprint upon contemporary Christian social doctrine, leaving it unable to oppose the social science practiced within the universities; an academic social thought that looks with disdain upon Christian social thought, which it considers lacking stringency from scientific point of view, but which has the great merit of being based on substantial good sense.

It is important to recall, at this point, another primary teaching of the Medieval Church, namely, the Franciscan view on the relation between man and natural world. Such a teaching has remained marginal, mainly as a consequence of the push that the natural sciences have given to human skills in the dominating of nature and putting it at the service of society. These results have facilitated the transfer of the observational-experimental method, as author of such marvels, also to the study of human societies, thereby strengthening the presence of domination in their government. The well known biblical statement on the mandate given to man to subdue nature has been long interpreted as religious approval of such behavior.

The encyclical states: “But today we cannot avoid acknowledging that *an ecological approach is always obliged to become a social approach* that must integrate justice into discussions of the environment *in order to lend an ear both to the shout of the Earth and of poor men.*”¹⁶ A sort of methodological short circuit emerges here that generates harsher and harsher inconveniences: the great advance of the natural sciences has entailed the great submission of the natural world to man, and this has favored domination power to the detriment of the notion of service-power evoked by the Gospel. By speaking of the technocratic paradigm, the encyclical criticizes the experimental method as a technique of domination. But which is the alternative method? The encyclical says nothing on this point.

Unfortunately, social encyclicals are quite lacking in method. I have considered this question in my book on *Methodological Misconceptions in the Social Sciences*, mainly in its final chapter. The negative references of the encyclical to the market

¹⁶Encyclic *Laudato si*, Edizioni San Paolo, p. 62.

and profit may generate serious equivocation. The two organizational forms above that, as we know, constitute important organizational necessities of modern dynamic economies, are nevertheless strongly condemned by the new encyclical; a condemnation based on the hypothesis that those institutional forms have necessarily capitalist content. The encyclical does not pay attention to scientific (and hence methodological) aspects, probably as a consequence of the evident unreliability of current social science. Consequently, there is no perception of the merit, for the understanding and government of modern human societies, of the organizational vision of the Medieval Church.

The encyclical says: "if... we do not know objective truth or principles as universally valid, laws are considered as arbitrary formulations and hence obstacles to avoid".¹⁷ But the encyclical says nothing on the way to derive objective truths, of the kind, for instance, of what we call 'organizational necessities'. This epistemological limitation works to the advantage of pseudo-social science; in particular, its implications serve the interests of autocratic rulers and financial speculators.

Science has garnered great prestige from the benefits it has given to humankind; therefore, the mystifications enacted in its name exert great influence if they are not unmasked. If we are to efficaciously combat the mystification of pseudo-social sciences, it is necessary to start again from the organizational vision of the Medieval Church but referred to society (albeit, this time, not extended to natural world). That is, it is necessary to start from the clarification of the equivocation expressed by Galileo's condemnation. The achievements of the natural sciences and the domination logic implied by the experimental method have favored a great development of the capitalist world.¹⁸ But this impulse seems to be exhausting itself.

Christian social thought can offer, through its organizational vision, an important scientific contribution; one that promises to mitigate the great confusion that human societies are living through today. But such a contribution is conditioned on a propensity to innovate, and Roman Church has learned, through long experience, to distrust innovation and the innovative spirit. The cultural revival that followed Feudal times was very much propelled by the monasteries and other religious institutions within which famous thinkers enunciated fearless innovations. The interlude of the great and irreverent culture of Humanism followed, together with the torment of schisms, reformations and counter reformations. Afterwards, the naturalist landfall of the cultural efflorescence of the Renaissance opened the road to the great technical and scientific developments of the modern world; but this naturalist landfall has favored the blindness and aridity of current social thinking.

The cautious conservative attitude that these vicissitudes have fostered in the Roman Church appear today culpable, for it is guilty of serious omissions. In fact, the ecumenical action of the Church is in need (as previously seen) of great

¹⁷*Ibidem*, p. 120.

¹⁸Calvinism, which connected the notion of predestination with the success achieved during one's life, and hence identified economic success as a sign of predestination, blessed the work of capitalism far beyond the more appropriate Lutheran insistence on duty and responsibility. See, on this matter, A. Fusari, *Human adventure*, pp. 606–613.

innovations carried out in social thought, primarily through the ‘separation principle’, which should be facilitated by the openness and fertile intellectual position of Christianity in the field. We hope that our analysis may stimulate an awareness of such need and intellectual fertility, thus opening the door to the connected great perspectives.

So deep methodological misconceptions of social thought greatly affects ethics. The clash of civilizations and cruel oppositions between people and social systems that bathed in blood the first half of the last century are at work also in the present day; a product largely of the way that Western social and philosophical thoughts has conceived of the question of ethical values, mainly through the hegemony of cultural relativism that postulates a kind of free choice with regard to ethics and civilization forms. As we know, ethical relativism has been (and is) complemented by a no less erroneous notion: cultural absolutism, assessing that ethical values are a matter of faith (see Chap. 12). There is a scientific way to overcome these misconceptions; it is represented by what I call *ethical objectivism*, that is, the demonstration that very important values can be the object of scientific investigation, a matter on which this booklet and some other books of mine¹⁹ insist, pretending to show the scientific nature of important values.

Unfortunately, this scientific possibility is denied by many social scientists who claim to adhere to a version of ‘Hume’s law’ that ethical judgments cannot be derived from factual judgments. But Hume in fact was very cautious with regard to such a presumed law, which has been loudly proclaimed by more recent students and, in a sense, consecrated by the Weberian notion of ‘diffuse rationality’, that is, the spontaneous tendency of social systems in the very long run towards organizational rationality through selective processes of trial and error (for discussion on this see, Chap. 9 on Weber and paragraph 10.7 on Hume in my book ‘Methodological Misconceptions...’).

Let me give some important examples of ethical principles that can be scientifically expressed through the organizational method. The Christian religion states that men are God’s sons and, as such, brothers. This implies principles of solidarity and equal dignity among men. The scientific content of these two principles can be proved by reasoning on the question of individual skills, considered in relation to the rational and efficient organization of human societies. We have treated this topic widely in Chap. 7. Here it is enough to repeat that these skills vary greatly among individuals, and that they are allotted at random among men (and, we may add, also among animals) by a ‘natural lottery’. A primary need in the development of human societies and the self-fulfillment of each individual, and in the increasing of the degrees of personal satisfaction, concerns the knowledge and appropriate use of individual skills. To meet this need requires the ethical principle of equal dignity and of solidarity, combined with the separation principle. (These principles go well beyond the ethical content that the scientifically wrong theory of labour value pretends to express). People are very eager to use their skills, especially their

¹⁹See Eskedt and Fusari (2010, 2014).

highest ones, independently of making money through them (separation principle). Living in poverty, Vincent van Gogh painted masterpieces; if he had not been so poor he probably would have produced more paintings, but if he sold his paintings at today prices he would no doubt have produced less valuable works, for wealth dissipates energy and corrupts the will. It is a primary interest and desire of the individual to use his skills. Only the lowest and disgusting jobs need monetary incentives in order to be practiced. We have seen all this in our discussions of Dunatopian society. It is not enough to proclaim *the duty of mercy* for the humble and afflicted peoples; it also needs to insist on the 'necessity' of such a duty as required by reasons of rationality and organizational efficiency of social systems.

It is striking to observe that the above ethical principles, fundamental for the efficient organization and development of human societies and decisive for individuals' satisfaction and self-fulfillment, have been badly violated everywhere in the world. The ancient Greeks had great consideration for the individual, but with strong limitations: non-Greeks were considered barbarians and Aristotle accepted slavery as natural. The Church proclaimed the abolition of slavery, but accepted the institution of serfdom. A vast range of skills belonging to the masses of slaves and serfs remained undiscovered. Racism is present even in our own days. Gypsies set their sons to robbery instead of sending them to school; billions of children live in conditions of total decay in underdeveloped countries, as in Europe during the great industrial revolution and in the Sicilian mines of G. Verga's novel *Rosso Malpelo*. The Muslim world discriminates against one half of its population, women— consigning their skills to oblivion. Living conditions in the world would have been higher and the development of civilizations more rapid and enjoyable if the skills of so many down-and-outs had been put to good use. Men are different and equal to each other: different in skills and dispositions, equal in dignity. This observation and principle merits great consideration: *ethical principles of equal dignity and solidarity represent indeed great 'organizational necessities', thereby partaking of a scientific substance.*

I do not see any reason why, in the name of factuality, the study of "the list of crimes, the follies and the misfortune of mankind", as Gibbon defined human history, should have scientific character and instead the search for institutions, organizational proposals, etc. directed to prevent these follies must be considered absent of scientific content.

What we see in the landscape of social thinking is something similar to Galileian vicissitude, but with opposite content: as we said, in Galileo's time the Roman Church wrongly proclaimed the extension of hers organizational view also to the study of nature, contrary to Galileo's observational-experimental proposal on method; in our time, by contrast, social science wrongly insists on the extension of the observational view also to the social world, in opposition to the much more pertinent organizational view.

Long historical experience shows, let's repeat, that the best guarantee for the survival of capitalism is constituted by the refusal of the market and profit, in the absence of a specification that the refusal must be referred to the *capitalist* market and profit.

Two teachings of the Medieval Church seem to express quasi-prophetic intuitions in the light of modern experience: its organizational vision, albeit referred to human societies only and not also to natural world; and Franciscan ecological teaching. The organizational vision has been defeated by the extension of the method of the natural sciences to social thought, in opposition to the previous pretension of extending that vision also to the study of the natural world, by which the Church opposed Galileo. For its part, the Franciscan ecological conception has been neglected due to impressive technological achievements that have seemed to give substance to the biblical statement on man as master of the world, thus probably contributing to the acceptance of the hegemony of the experimental method by Christian social thought.

The recent encyclical dedicated to Franciscan ecological thought merits great attention. But the encyclical will find it difficult to yield results in the absence of a recovery of the organizational vision, in particular, if the ‘necessity’ of the market and profit rate, but conjugated to the separation principle, is not understood. If these ‘necessities’ continue to be considered as indissolubly linked to their capitalist contents, we shall remain imprisoned in capitalism and its great scientific ally, the observation-experimental method as used in the study and interpretation of the social world.

To be affective, the message of ‘*Laudato si*’ needs to remedy the lack of scientific character that afflicts social thought, thereby allowing for the clarification of the organizational necessities and ethical objectiveness that this booklet largely discusses. Hitherto, the dynamics of Earthly societies has been driven by a predator spirit and domination attitude; in our days, it is an urgent need that it be based on the spirit of service.

Eighteen centuries were required to come from Archimedes and Alexandrian School’s scientific achievements to Galilei (and specifically, to come from a well known insight of Aristarchus of Samos, adverse to Ptolemaic system, to Copernicus). I dare hope that the substantial correctness and fecundity of some insights of Medieval Christian thought on the method of social sciences will be quickly perceived after five centuries of growing confusion. Modern dynamic world cannot further wait for clarifications; even more Christian teaching and action, which have mainly to do with society, cannot wait for clarifications.

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