

● Relationships and markets in communitarianism

Communitarians do produce in order to participate in market exchange and so receive something in return that will satisfy their needs. Above we described the short-term character of market relationships. Communitarians would use market transactions provided they minimize the resource cost **and** are consistent with other efficient arrangements and accommodations in the community. In this view, there emerges a tug between efficient markets and efficient communitarian relationships. Depending on the relative efficiency merits¹⁷ of markets and relationships, we can derive the following predictions from this model:

Proposition 1. In general, there will co-exist transactions that go through the markets as well as those done on the basis of relationships and also those that are mixed.

Proposition 2. Transactions that markets do not process efficiently will go through the network of relationships.

Proposition 3. Where using the relationship network entails hefty resource costs, transactions will be done in the marketplace.

● Information

If we could develop relationships quickly, the resource expense would be small. However, relationships are based on knowledge. We need information about economic and non-economic factors in the short and long-term. To sort out what is relevant, in addition to this information our judgement is essential. Relationships can be helpful in the formation of our judgement about things. What are the sources of knowledge for decision-making in a communitarian setup? In addition to market price information, these sources are common practices, shared ways of doing things, customs, traditions and other cultural and social institutions. Efficient traditions and commonly shared practices and attitudes emerge whenever other mechanisms, such as the market system, appear to perform less satisfactorily and inefficiently.

¹⁷Recall that efficiency includes resource costs such as economic, social, political and cultural efforts.