

What explains communitarianism?

● A communitarian model

Communitarian efficiency. The process of mutual cooperation and accommodation has to be efficient. Efficiency requires that we minimize the resource expense in charting out and sustaining market and non-market relationships.¹² A successful communitarian setup meets the objectives of its members efficiently.¹³ Success comes when people cooperate not only in market transactions but also cultural, political and social interactions, and not only from a short-term but also a longer perspective. An individual's self-interest motivates him to establish market and non-market links with others and become a part of the web of relationships, connections, compromises and networks in the community.¹⁴

The growth of networks. A number of different networks may be formed depending on social, economic and political objectives and the geographical location of the network members. Competition for success is likely to force networks to be efficient and durable and to cooperate with others in the community.¹⁵ In such a society, there emerges an overlap of economic and non-

¹²The market and non-market point has also been argued by Ronald Coase, "The Nature of the Firm", *Economica*, 1937 (4): 386-405; Kenneth Arrow, *The Limits of Organization*, New York: Norton, 1974; and Oliver Williamson, *The Economic Institutions of Capitalism*, New York: The Free Press, 1985.

¹³Efficiency in communitarianism is defined broadly to include economic, social, political and cultural resource costs.

¹⁴A network of relationships is an institution or organization made up of groups of individuals bound together by some common purpose to achieve certain objectives. Examples of such networks would include political parties, cooperatives, churches, clubs, firms. See Douglas C. North, "Economic Performance Through Time", the Alfred Nobel Memorial Prize lecture delivered in Stockholm, December 9, 1993; reprinted in *American Economic Review*, June 1994: 359-68.

¹⁵A network providing beneficial externalities may have to contend with the problem of free-riders. New entrants may have to demonstrate their commitment to the network by incurring some (non-economic or cultural) sunk costs, including short-term sacrifice. Outsiders to the network may interpret such practices, norms, codes of behaviour or traditions as entry barriers and protest foul play. Even the Salvation Army often requires street people to listen to a sermon before giving them free meals. See Laurence R. Iannaccone, "Sacrifice and Stigma: Reducing Free-riding in Cults, Communes and Other Collectives", *Journal of Political Economy*, April 1992 (100): 271-91.