

In a communitarian set-up, political and economic institutions determine economic performance. Over time, individuals learn about the opportunities the institutional matrix provides and shape the way institutions evolve. Cumulative beliefs, norms of behaviour, conventions, self-imposed codes of conduct embodied in individuals and groups are passed on intergenerationally by the culture of a society. Competition among institutions, reflecting scarcity, induces networks to survive by learning and adapting to change. However, the greater the degree of monopoly power in an institution, the lower is the incentive to learn and adapt.³⁴

● Freedom and dispute settlement

The direct scope for a person's freedom is much wider in an individualistic economy than under communitarianism. Individualists strike out aggressively on their own, bend and break the conventional ways of conducting affairs, and challenge established norms and habits. Individualists are equally willing to face the adverse results of their experimentations. Individualists are always on the go and their society is in flux. The cost of missed opportunities on account of market failures is not a concern for the individualist; people hit by those costs fall by the wayside. Individualists are combative, strident and aggressive in seeking the resolution of disputes and are quick to resort to courts on to pursue their "rights" before administrative tribunals or proceedings..

In contrast, communitarians value conventions, traditions and commonly agreed ways of doing things, and seek consensus in a socially and economically interdependent community. They do not find it insulting to fall in line with others and long-established practices;³⁵ they see efficiency in such practices. They see their behaviour consistent with the maintenance of social cohesion and harmony. Communitarians prize continuity. Thus, dispute resolution is first attempted through informal means in the community before the communitarians formally turn to courts. In many situations, the settling of differences can be speedy, economical and efficient through long-trusted relationship-based

³⁴Douglas North, *op. cit.*, Nobel Laureate lecture, 1994.

³⁵For a discussion of conformist group behaviour, see Robert J. Shiller, "Conversation, Information and Herd Behaviour", *American Economic Review*, May 1995 (85): 181-5.