

## CHAPTER I

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# INTRODUCTION

AS SOCIOLOGY begins to resemble a congeries of distinct substantive areas, the intellectual coherence that it once possessed has virtually disappeared. That the field has always had its share of dissension is indisputable. Every few years someone publishes a book about the impending crisis in sociology, but these dire warnings routinely fall on deaf ears. Meanwhile, most sociologists continue to march to the sounds of different drummers.

Along with their colleagues in the other social science disciplines, modern sociologists are dubious of the prospect of a unified approach to the explanation of social phenomena. Too many of the theories that were promoted by the sociological pioneers have not withstood the harsh glare of empirical verification.<sup>1</sup> In consequence, skepticism has gained at the expense of credulity. Surely this state of affairs is cause for some celebration. Yet a surfeit of theoretical skepticism also has its liabilities. One not so auspicious result of the decline of theory is that scholars often have no compelling intellectual rationale for selecting their research problems, and other criteria—the availability of grants and the political considerations of the day chief among them—become popular justifications.

In the face of reigning confusion, many prefer to bypass theoretical concerns entirely and go directly to the evidence. To these sociologists, the

<sup>1</sup>In contemporary sociology there is precious little consensus about the proper meaning of the terms *theory* and *explanation*, let alone about the adequacy of rival theoretical perspectives. Sadly, Robert Merton's (1967: 39) complaint still holds true: "Like so many words that are bandied about, the word theory threatens to become meaningless. Because its referents are so diverse—including everything from minor working hypotheses, through comprehensive but vague and unordered speculations, to axiomatic systems of thought—use of the word often obscures rather than creates understanding." Since it is not my intention to enter into the epistemological debates that are currently so fashionable in some sociological circles, I should clarify my own position on these matters. I take theories to be *causal* explanations that provide *intelligible* answers to why-questions about *empirical* facts (for amplification, see van Parijs 1981: 1–25). This conception rules out much (but certainly not all) of what passes for theory among sociologists.

field need not have a consensual theoretical foundation because its progress depends on cumulative discoveries of fact. What is important is to observe things that have not been observed before. The body of sociological knowledge will develop as a result of generalizations derived from known facts. Moreover, the production of these facts is something that can easily occur independently of any theory.

Misgiving about the state of sociological theory is by no means confined to empiricists. One can admire and appreciate the contribution that theory has made to the development of a science like physics, yet still doubt its utility in contemporary sociology. After all, sociology might not be ready for scientific explanations. Given incessant theoretical squabbling, perhaps the best that can be done is to accept the distressing fact that there is an enormous multiplicity in current social science and to renounce all hope of developing a general theoretical orientation for the time being (Geertz 1982: 31). Admittedly, sciences mature at different rates and in different historical periods. Those sociologists who take the achievements of physics as the standard for self-appraisal ignore the fact that between twentieth-century physics and twentieth-century sociology stand billions of hours of sustained, disciplined, and cumulative research (Merton 1967: 47). From this point of view, it may follow that sociologists should begin to lay the groundwork for theoretical development by doing the most careful research that current methods permit.

Though evidence is necessary to test the limits of any theory, radical empiricism is unlikely to provide sociology's salvation. In the first place, most research is covertly theoretical. Because all descriptions are partial, investigators tend to rely on implicit theories to guide their collection of facts. This procedure introduces unknown (and often unknowable) assumptions, setting the stage for Alfred Marshall's admonishment that the most reckless and treacherous of all theorists is the one who professes to let the facts and figures speak for themselves. In the second place, this kind of empiricism fails to suggest long-term research agendas. Without explicit theories, there is no way to decide on the relative importance of facts. A democracy of facts too often degenerates into anarchy. Without explicit theories, there is little prospect of arriving at a body of cumulative research. Even the great inductivist Francis Bacon once admitted that truth emerges more readily from error than from confusion.

Although the field is in theoretical disarray, the disarray is hardly complete. There is a distinctively sociological way of looking at the world. It holds that the key to understanding social life lies with the analysis of groups, rather than individuals. This belief is founded on the premise that the behavior of any group is not reducible to the actions of its individual

members. Instead, groups are irreducible entities that deserve study in their own right. In order to explain social phenomena, therefore, it is necessary to renounce methodological individualism—the view that all social phenomena are in principle explicable only in terms of individuals—and to replace this unsavory doctrine with a sociological alternative.<sup>2</sup>

The first sociologists arrived at this conclusion by finding fault with economic theories that regarded social order (that is, security of persons and their property) as an unintended outcome of the interaction of selfish actors. If individuals freely pursued their own selfish interests, the sociologists reasoned, chaos would be a much more likely outcome than order. Marx argued that the free market results in an anarchy of production; Durkheim was concerned about its effects on anomie; Weber complained that it undermines all systems of fraternal ethics. Since a relatively high degree of social order has existed throughout history, a key problem is to explain just how it has been achieved. Few contemporary sociologists address the issue head on. Yet whenever they seek to explain why certain people respect the law, give to charity, and act on some moral basis, while others engage in crime, act opportunistically, and commit suicide, they implicitly raise the question of social order. To a large degree their hopes of providing an answer are pinned on either normative or structural explanations.<sup>3</sup>

Proponents of the normative basis of social order (hereafter referred to as *normativists* in order to distinguish them from those scholars—largely philosophers and economists—who are concerned with the optimal design of social institutions) hold that the maintenance of social order depends on the existence of a set of overarching rules of the game, rules that are to some degree internalized, or considered to be legitimate, by most actors.<sup>4</sup> Not only do these rules set goals, or preferences, for each member of society, but they also specify the appropriate means by which these goals can be pursued. Without such rules social order would be precluded, for everyone would be compelled to participate in an unceasing war of all against all. Yet the content of these rules is less important than the fact that some rules exist at all, for it varies widely from one group to another and from one historical era to another.

When I entered graduate school in the mid-1960s, normativism was still the dominant perspective in the field. Soon after, however, its popularity

<sup>2</sup>“If, then, we begin with the individual, we shall be able to understand nothing of what takes place in the group” (Durkheim [1895] 1938: 104).

<sup>3</sup>Readers are advised that the following critique is couched at a metatheoretical level. No major sociological theorist’s oeuvre fits comfortably into the procrustean bed provided by these somewhat oversimplified categories.

<sup>4</sup>The most important works in this tradition remain Durkheim ([1912] 1961a) and Parsons (1937).

began to wane in the face of persistent criticism. My own reservations were both conceptual and empirical. That norms may be responsible for preference formation is entirely plausible. Yet if they are also responsible for the individual's selection of means, then all action must be socially determined. Since norms promote consociation at the expense of antisocial behavior, the problem of order rather neatly disappears in this formulation. But this solution is only satisfactory if it sheds light on the genesis and enforcement of norms. When it comes to these critical issues, normativists have had conspicuously little to offer.

Normativist explanations also have serious empirical failings. It is impossible to measure accurately the salience of a norm to an individual apart from observing that person's behavior.<sup>5</sup> Yet normativists are among the first to admit that individual behavior is not solely determined by internalized controls: sanctions, habits, and individual preferences all are recognized as having their due. Disentangling the effects of internal norms from those of external sanctions, habits, and preferences, however, is a Herculean task that normativists have too frequently chosen to ignore.<sup>6</sup>

For reasons of this kind, I, along with many other sociologists of my generation, began to explore the merits of structural explanations in sociology.<sup>7</sup> In these, individuals are portrayed as being subject to particular sets of social relations (such as an historically specific stratification system or a particular social network) or environmental conditions (such as fluctuations in political regimes). Both social relations and environmental conditions have the effect of narrowing the individual's choices, and, hence, actions. This amounts to an implicit claim that when all the members of a given group are in the same boat, their individual differences do not significantly affect their behavior. Variations in social order are readily expli-

<sup>5</sup>This statement holds notwithstanding the heroic attempts of survey researchers to do just this. Since a norm is (by definition) something that we are all obligated to honor, survey respondents often have an incentive to affirm their support of it whatever their true attitude about the norm might be. Is their response to the questionnaire item due to this (positive) sanction, or is it due to their acceptance of the norm? No survey instrument is capable of revealing whether a respondent would actually honor a given norm in the absence of potential sanctions. One may reasonably suspect that respondents themselves may not be able to *know* if they would actually abide by a given norm that they believe to be internalized. How can I ever know if, as a passenger on a rapidly sinking ship, I would allow women and children to proceed me into the lifeboat, as the norm bids me to do?

<sup>6</sup>This problem is not inherently insoluble. There is no reason why one cannot construct deductive theories on normative premises that yield falsifiable propositions (a tactic parallel to that employed by rational choice theorists; see Chapter 2). Unfortunately, normative theorists have not availed themselves of this strategy.

<sup>7</sup>Marx ([1867] 1965) and Simmel ([1922] 1955) are the progenitors of this kind of sociological structuralism. Contemporary examples include Laumann (1973); Wallerstein (1974); Tilly (1978); White, Boorman, and Breiger (1976); and Marsden and Lin (1982).

cable for structuralists: they are determined by the set of social and environmental constraints that are currently in force. Naturally, when these constraints change, so do the resulting behaviors.

Some historical and contemporary situations are undoubtedly amenable to analyses couched in these terms. Because patterns of social relations and environmental conditions—the causal factors in such arguments—often can be objectively measured, specific structural explanations also tend to be readily falsifiable. This affords them a great advantage over normative explanations.

Indeed my own first book (Hechter 1975), which attempted to explain the course of Celtic nationalism in modern British history, was heavily indebted to structuralist reasoning (see also Hechter 1978). Its central theoretical claim was that the cause of nationalism lies in the existence of a stratification system that gives cultural distinctions political salience by linking them to individual life chances. I argued that when individuals perceive that their life chances are limited merely by virtue of membership in a particular group, they will either leave that group or come to see that they share vital interests with its members, thereby giving them reason to engage in nationalist political activity.

Subsequently, however, I became increasingly aware of the limitations of the structural approach. While it does a good job of predicting those areas that have the potential to develop nationalist movements, it is virtually mute about the conditions under which nationalism erupts, rather than lying dormant. *Internal Colonialism* presented evidence that the basis for a nationalist coalition had remained roughly constant in Wales and Scotland from 1885 to 1966. The apparent reason for this constancy was that the inhabitants shared material interests deriving from their common position in the social structure. There was little reason to believe that the stratification of Celts relative to non-Celts had changed substantially from 1885 to 1966. Yet the actual numbers of members and voters supporting the nationalist parties fluctuated wildly during these years. Popular support for nationalism was moderately high from 1885 to 1914; it diminished from 1914 to 1964 and rose again, precipitously this time, from 1965 to 1978. Since then it has declined once more.

These fluctuations suggested the possibility that the variation in nationalist voting was due to factors other than purely structural ones. Whereas patterns of intergroup stratification may have created the possibility of nationalism, they were insufficient to account for actual swings in political mobilization. This had been recognized in *Internal Colonialism*, which offered an ad hoc explanation for the rise of nationalist party activity after

1965. But this explanation evaded a more fundamental question: why do the individuals in any group develop solidarity with other members in order to pursue their collective interests?

I began to appreciate that structural explanations are not appropriate for every kind of sociological problem. At best they reveal why specific actors come to share common circumstances and interests. But they are less helpful in explaining just how these actors will react to their circumstances. Individuals typically have some choice-making discretion in all groups and societies. To the extent they have such discretion, their behavior will confound expectations derived from theories that countenance only aggregate-level causal factors. By ignoring individuals entirely, structuralists are left with two serious problems.

On the one hand, the causal factors in their explanations are contextual, like those of the normativists, and must always be treated as exogenous in their models. Hence, structuralists have not succeeded in explaining the rise and fall of social structures or environmental conditions from their own theoretical premises. This leads to a demand for historical studies, which—though informative—tend to produce new data to be explained rather than any satisfactory explanations themselves.

On the other hand, the claim that structurally imposed commonalities are sufficient to account for group behavior is rather easily challenged. If collective action is facilitated when the individual members of a group share common interests, then why does it occur so rarely? How can structuralists account for the fact that some people in a given structural position free ride, whereas other similarly situated actors do not? Marxists, for instance, long have faced the uncomfortable fact that the proletariat doesn't always (or even very often) change from a *Klasse an sich* (class in itself) to a *Klasse für sich* (class for itself). Although structuralists profess no need to countenance individual behavior, for many kinds of problems it is hard to see how the issue can be avoided.

Over two decades ago a small band of sociologists, led by George Homans and James Coleman, reached a similar conclusion about the shortcomings of normative and structural explanations. They argued that the field would advance only on the basis of some consensus on individualistic first principles, like those used by economists and behaviorist psychologists.<sup>8</sup> The impact of their profoundly revisionist work was blunted, however, by its

<sup>8</sup>The earliest statements were American—including Homans (1961); Emerson (1962); Blau (1964); and Coleman (1966)—although Blau has subsequently recanted in favor of a version of structuralism. More recently, the individualistic influence has travelled across the Atlantic; see, among others, Boudon (1981); Opp (1982); Lindenberg (1983); Raub (1982); and Banton (1983).

frequent failure to directly address sociology's traditionally macroscopic concerns. As a result it could be relegated easily to fields, like social psychology or methodology, distant from the macrosociological mainstream.

Dissatisfied with normativism and disillusioned with structuralism, I continued searching for an adequate theory to guide my research.<sup>9</sup> It seemed that the best place to start was with the original sociological critiques of individualistic theories of rational choice.

The early sociologists found fault with these theories on several counts. They argued, in the first place, that no rational choice theory can account for the genesis of individual wants, for these are determined through socialization processes. For many sociologists, the individual is an abstraction created by society itself. This is a basic reason why groups should take analytic precedence over individuals. In the second place, socialization not only determines the individual's ends but also limits one's choice of means. In consequence, much behavior is simply not amenable to rational analysis; motives such as altruism, duty, and guilt have to be considered as well as that of pure self-interest. Whereas individuals sometimes do engage in rational calculations of benefit and cost, much of their behavior is not readily understandable in these terms—it is nonrational and ritualistic. Finally, rational choice theories cannot explain why so much social order has existed throughout history. From a rational choice view, the only reason that people do not commit crime is out of their fear of the consequences, rather than from any innate sense of civic duty. It follows that the only guarantor of social order in complex societies is the police. Since policing is expensive, however, the attainment of social order should be highly problematic.

Though these objections appeared to be damaging, rational choice explanations rapidly gained popularity in allied social science disciplines, notably in economics and political science. Why should other social scientists find so much utility in the very same kinds of explanations that sociologists have resoundingly dismissed?<sup>10</sup>

<sup>9</sup>It is a heartening sign that many of these problems in classical theory have begun to be appreciated by a new generation of sociologists. One of the indications of this trend is that work on the so-called micro-macro problem is receiving greater attention. Indeed, in a recent symposium on the current state of the discipline in the *American Journal of Sociology*, two of three papers (Coleman 1986 and Collins 1986) explicitly point to the need for more such research. Some of this kind of work has already begun to appear (Blalock and Wilken 1979; Collins 1981; Hechter 1983; Granovetter 1985). Giddens (1979) and Habermas (1983) claim to address the micro-macro problem, but their anti-positivist epistemological commitments set their work apart and prevent them from joining in a concerted attack on the issue.

<sup>10</sup>Naturally, answering this question requires an investment, for contemporary rational choice tends to be written in a language that is quite its own. Although the pioneering works in the literature (written by the likes of Anthony Downs, James Buchanan, Gordon Tullock,

To determine how adequately rational choice logic can account for a fundamental sociological problem like that of social order, I devised a new theory of group solidarity on rational choice foundations. To my surprise, far from being dismissible, the theory was more suggestive than I had been led to believe on the basis of the conventional sociological critique. The more I explored the theory's ramifications, the more suggestive it appeared to be. I could only conclude that in their rush to establish a new social science discipline, the founders of sociology had dispensed with rational choice theories a bit too hastily. Far from being immiscible, sociology and rational choice are mutually complementary.

Chapter 2 begins with a definition of group solidarity and then proceeds to survey alternative explanations of it. Although sociologists insist on the overriding importance of the group in social analysis, definitions of this term are few and far between. For sociologists groups are more important than individuals because they substantially determine their members' behavior. At least some part of any given individual's behavior is therefore due to group affiliations. Clearly, however, membership in some groups has a greater potential for influencing behavior than membership in others. Another way of putting this is that "groupness"—that is, the group's capacity to affect the member's behavior—is itself a variable. Following Emile Durkheim, the "groupness" of any group may be referred to as its solidarity. The more solidary a group, the greater the influence it casts upon its members. Groups influence their members by subjecting them to a variety of obligations to act in the corporate interest and by ensuring that these obligations will be fulfilled.

What then accounts for the varying solidarity of groups? There are two principal sociological solutions to the problem. The first is normativist. Normativists argue that some groups, such as families, are more solidary than others, such as choruses, because the members of families have internalized more extensive norms. Whereas internalization is a perfectly plausible mechanism of solidarity, it suffers from two liabilities. In the first place, it is difficult to measure the effects of internalization apart from anyone's actual behavior. In the second place, this explanation begs a fundamental question—why are some groups more effective socializers than others? At this critical juncture, normativist theory has little to offer.

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and Mancur Olson) are readily accessible to lay readers and richly substantive, the most recent research tends to be mathematical, laden with jargon, and highly abstract. Still, at the core of the literature one can often find some simple and compelling ideas.



The structuralist solution to the problem is quite different. Individuals are seen to coalesce into solidary groups (such as classes or ethnic groups) not because they carry group norms within them, but because they share common individual interests. These interests derive from each person's location in specific networks of social relations; thus, most of the workers on the Ford assembly line have common interests with respect to their supervisors and bosses. Since the workers' individual interests on the shop floor tend to converge, every worker's pursuit of his or her interests vis-à-vis management is in line with the interests of the group composed of all similar kinds of workers. In this way, the greater the commonality of individual interest, the greater the resulting solidarity of the group. This solution predicts far more group solidarity, however, than the historical record reveals.

If neither of the sociological theories of solidarity is wholly adequate, what can be said for rational choice theory? Although there is no rational choice theory of solidarity per se, much can be learned about group dynamics from a consideration of the theory of public goods. A *public good* (like social order) is a good that, once produced, cannot be denied to all relevant persons, whether they contribute to its production or not.<sup>11</sup> (Even thieves can profit from other people's tendency to uphold private property rights.) This characteristic of the public good has an important implication, for, according to the theory, rational actors will choose to free ride, that is, to consume the good without contributing to its production. But if everyone does so, then clearly too little of the public good will be produced, or none at all. If so, then how are public goods (like social order) ever produced? Only by solving the free-rider problem. But how can this problem be solved? Unfortunately, rational choice theorists have done a better job of posing this question than of resolving it.

Three kinds of answers have been proposed. The first answer is coercion: the state enforces social order by threatening to imprison anyone who violates it. This solution, however, raises two ancillary problems. On the one hand, there seems to be more social order than can be explained by coercion alone. On the other, since the state is itself a public good, how does it ever arise? The second answer is selective incentives: a professional association (like the American Medical Association) sustains itself by supplying various goods (like magazines or liability insurance) selectively, to members alone. But why shouldn't members free ride on its services and

<sup>11</sup>The degree to which social order is a public good is discussed by Michael Taylor (1982: 39–94).

obtain similar goods at less cost in the marketplace? And if selective incentives are necessary to attract members, how are they ever produced? (Consideration of the third answer, repeated exchange, which is also inadequate to the task, is deferred to Chapter 4.) Whereas there is no satisfactory rational choice explanation of the production of pure public goods, this is not the case for the production of *collective* (or quasi-public) goods, which are, to some extent, excludable from noncontributors.

Using this insight, Chapter 3 develops a rational choice theory of group solidarity. The starting point of this theory is the assumption that actors initially form groups, or join existing ones, in order to consume various *excludable jointly produced* goods—goods whose attainment involves the co-operation of at least two (but usually far more) individual producers. The survival of any group therefore hinges on the continuous production of such goods.<sup>12</sup> But this is a highly problematic outcome. It requires the establishment of several different kinds of rules—rules about how to make rules, rules that serve to coordinate members' productive activities, and rules that govern each member's access to these goods once they have been attained. If all these kinds of rules cannot be agreed upon, either an insufficient supply of joint goods will be produced or none at all. Since actors join groups in order to consume joint goods, the failure to provide such goods will lead to the unravelling of the group. Yet once these rules are agreed upon (or otherwise adopted), why do rational members actually abide by them? There are two possible reasons. On the one hand, members can comply with the group's rules because they are *compensated* to do so. Since this does not cause them to contribute to the production of the joint good, this solution involves no solidarity. On the other hand, members can abide by group rules out of a sense of *obligation*. Compliance then entails solidarity, for these obligations can only be fulfilled by expending some of the members' private resources on the group's behalf. In fact, solidarity can be best understood as compliance in the absence of compensation, or a quid pro quo.

The theory of group solidarity treats these group obligations as a tax that is imposed upon each member as a condition of access to the joint good. The more *dependent* a member is on the group (that is, the more costly it is to leave the group in terms of opportunities forgone), the greater the tax that the member will be prepared to bear for a given joint good. However, while dependence increases the extensiveness of corporate obligations, it

<sup>12</sup> The nature of the joint goods that are produced in groups may change over the course of time. Whereas a group may form to consume one particular joint good (say, protection from invaders), the group's very existence can stimulate the production of new joint goods (say, social rewards) as an unintended by-product.

does not insure compliance with these obligations. Compliance requires formal *controls*. Some agency of the group must have the ability to monitor the members' behavior and to provide sanctions to reward the compliant and punish the noncompliant. Only then can free riding (or deviance) be precluded. If the group has the capacity to control the relevant behaviors of their members through monitoring and sanctioning, the probability of compliance will vary with their dependence: the less the dependence, the less the compliance, and vice versa. But groups without any control capacity cannot achieve high degrees of solidarity even if their members are highly dependent. More formally, dependence and control capacity are each necessary but insufficient conditions for the production of solidarity. Individual compliance and group solidarity can be attained only by the combined effects of dependence and control.

Whereas the role of dependence in social life is uncontroversial, the same cannot be said of control. Chapter 4 asks whether formal controls are indeed necessary (as the theory holds) for the production of joint goods and the attainment of solidarity. (Readers who are mainly interested in applications of the theory therefore may prefer to proceed directly to Chapter 5.) The necessity of formal controls is challenged by two different kinds of arguments about prosocial behavior. The first argument is that prosocial behavior—such as altruism and helping behavior—is likely to emerge in the absence of *any* controls at all. This conclusion follows from the assumption that most people are not free-riding individualists, but already socialized actors who enter into groups both ready and willing to do the right thing.

There is nothing in rational choice that denies that individuals can pursue altruistic or prosocial ends. Indeed, the theory tends to be mute about the genesis of individual ends. Note, however, that it is far easier to account for social order by making the assumption that individuals are already predisposed to produce it than by assuming the ubiquity of rational egoism. The problematic nature of social order is underscored in the face of rational egoism. To be persuasive, rational choice theorists cannot rely on extra-rational motivations to account for harmonious social outcomes. Since a consideration of the literature reveals that the efficacy of socialization rests, to a large degree, upon the existence of formal controls in groups, much of the force of this argument is dispelled in any case.

Although they do not hold humans to be naturally prosocial, population biologists and game theorists argue that prosocial behavior can spontaneously emerge, and be sustained, either on the basis of selection mechanisms or repeated exchange. Whereas selection theories may account for prosocial behavior among the closely related kin of many animal species,

they offer little prospect of explaining its evolution among non-kin. The argument about repeated exchange, however, does not suffer from this liability. As game theorists have shown, prosocial behavior (cooperation) can emerge spontaneously in iterated two-person Prisoner's Dilemma games (Axelrod 1984)—and may even constitute a self-reinforcing equilibrium—but the common knowledge base needed to sustain this cooperation is unlikely to be available in large groups. The upshot of Chapter 4 is that the theory's conclusion—that formal controls are necessary for the attainment of solidarity in large groups—is sustained.

The remaining chapters flesh out the empirical implications of the group solidarity theory in several quite different kinds of groups. Chapter 5 focusses on the role of dependence by considering the causes of differential solidarity among legislative political parties. Whereas the leaders of some parties forever lament their colleagues' lack of party discipline, the parliamentary representatives of other parties seem to be kept in line effortlessly. When these representatives are dependent on party leaders for reelection and career advancement, party solidarity is enhanced. But when these legislators become more dependent on alternative bases of support (such as those provided by interest groups), party solidarity will decline. Although the quality of the evidence is far from ideal, the theory's claims about the relationship between dependence and solidarity are lent some support. The case of legislative party solidarity is unusual, however, in that the roll-call voting procedure (which is an institutional given in all these legislative systems) enables party leaders to monitor their members costlessly. Few groups are blessed with such an ample, ready-made control capacity.

Since the formal controls necessary to produce solidarity are themselves a collective good, why would rational members ever consent to establish them in the first place? Chapter 6 attempts to answer this question by considering the evolution of formal controls in two nonhierarchical groups, rotating credit and insurance groups. It argues that members institute these controls when this is their only means of gaining access to some joint good. Thus, new entrants to capitalist labor markets often find themselves bereft of goods like credit and insurance that had previously been supplied by membership in primordial groups like the extended family, lineage, or village community. These migrants form rotating credit associations and insurance groups in order to obtain such goods. Their access to credit and insurance is limited, however, by a variety of hazards that threaten the production of these goods, including default and fraud. Recognizing that unless these hazards are reduced, their investments will disappear, members willingly institute formal controls.

Unfortunately, the mere existence of these controls offers no guarantee that rational members will abide by them. Whereas the enforcement of production and allocation rules is generally inexpensive in small groups, the costs of enforcement rise exponentially in large ones. These costs are the major obstacle to the attainment of compliance in large groups and in society as a whole.

Chapter 7 highlights the issue by examining the costliness of controls in the capitalist firm, a compensatory group that produces commodities for maximum profit. One of the threats to the maximization of profit is low labor efficiency. Although the firm compensates its workers to comply with production rules, the workers' interest may lie in shirking rather than in full compliance. In order to reduce the risk of shirking and to attain full compliance with production rules, firms must resort to costly formal controls. Since many different types of controls may be selected, what then determines which of these types is adopted? The drive to minimize control costs has been one of the most important factors in the evolution of management systems in the capitalist factory. The firm is often faced with a choice between the strategies of direct supervision and scientific management. Each entails its own benefits and costs. Direct supervision typically leaves employers vulnerable to high agency costs. Yet scientific management and other piece-rate schemes are ineffective when it comes to compliance with nonroutine and complex tasks that are difficult to monitor. In the face of tasks that involve costly monitoring, compensation offers a limited basis for compliance. To remedy this problem, some firms turn to quasi-obligatory strategies designed to increase the solidarity of the firm: they establish internal labor markets.

If the maximization of profit is the firm's joint good, the intentional community seeks to provide a joint good that is far more subtle as well as more difficult to produce: corporate unity in all spheres of community life. The fundamental by-product of this unity is insurance against the vagaries of nature and human relations. Like all joint goods, production of this one is threatened by members' egoistic behavior. Unlike party control of the government, credit, insurance, or profit, however, the production of corporate unity is threatened not only by egoistic behavior in a specific range of activities but also by egoism in thought as well as deed. To attain unity, members of communes agree to adopt controls designed to root out egoism in all of its forms (Chapter 8). But how can such compliance with such extensive obligations ever be produced? Normativists have a ready answer to the question: while controls are needed to produce solidarity in the *Gesellschaft*, they are practically superfluous in the *Gemeinschaft*, where

compliance to group directives is voluntary, rather than coercive. In contrast, the group solidarity theory proposes that relatively large groups can attain high levels of solidarity only by adopting specific practices and institutions that economize on control costs. These issues are explored in a discussion of the determinants of the longevity of nineteenth-century American intentional communities. That institutional arrangements yielding control economies are found disproportionately in long-lived communities is consistent with the expectations of the group solidarity theory and inconsistent with its normativist alternative.

Finally, Chapter 9 assesses the overall strengths and weaknesses of the group solidarity theory and discusses some of its implications for further research.