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0521848849 - Economics and Social Interaction: Accounting for Interpersonal Relations

Edited by Benedetto Gui and Robert Sugden

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## Economics and Social Interaction

*Economics and Social Interaction* is a fresh attempt to overcome the traditional inability of economics to deal with interpersonal phenomena that occur within the sphere of markets and productive organisations. It makes use of traditional economic concepts for understanding interpersonal events, while venturing beyond those concepts to give a better account of personalised interactions. In contrast to other books, *Economics and Social Interaction* offers the reader a rigorous effort at extending economic analysis to a notoriously slippery field in a consistent manner, sensitive to insights from other behavioural and social sciences. This collection represents an important contribution to a growing research agenda in the social sciences.

BENEDETTO GUI is Professor of Economics at the Università di Padova, Italy.

ROBERT SUGDEN is Professor of Economics at the University of East Anglia, Norwich.

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*To our wives, Marina and Christine, who tolerantly  
accept the discrepancies between righteous theorising about  
social interaction and its domestic practice.*

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LOUIS PUTTERMAN, Professor of Economics at Brown University (Providence, Rhode Island), is the author of numerous articles and books on economic systems (including those of Africa and China), organisations, incentives, economic behaviour and the historical roots of economic growth. Among these are *Economics, Values and Organization* (edited with Avner Ben-Ner, 1998), and *Dollars and Change: Economics in Context* (2001). Recently he has conducted experimental research on reciprocity and cooperation, and at present he is investigating trust, communication and costly contracting, as well as distribution preferences.

PIER LUIGI SACCO is Professor of Economics at the IUAV (University Institute of Architecture) in Venice. He has published widely in international refereed journals and books, mainly on the evolution of game theoretic models, the dynamics of norms, bounded rationality and learning issues, the economics of crime and corruption and the economics of art and culture. Recently he has co-edited with Stefano Zamagni a book in Italian on relational complexity and economic behaviour.

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ROBERT SUGDEN is Professor of Economics at the University of East Anglia, Norwich. His research uses theoretical, experimental and philosophical methods to investigate issues in welfare economics, social choice, choice under uncertainty, the foundations of decision and game theory, the methodology of economics and the evolution of social conventions. Among his numerous publications, especially well-known is *The Economics of Rights, Cooperation and Welfare* (1986). His recent work includes explorations of ways in which sociality can be represented in economic theory.

ISABELLE THIS SAINT-JEAN is Lecturer in Economics at the University of Paris 1 (Panthéon–Sorbonne). She has published in refereed journals on economic epistemology and methodology (especially the frontiers between economics and its sister social sciences), self-fulfilling and rational expectations, empirical validation in economics, and rationality.

PAOLO VANIN received a doctorate in political economy from the University of Pavia, Italy, in 2002 and is currently a Ph.D. student in economics at the Pompeu Fabra University of Barcelona. His research interests include social capital, growth, social interaction and network dynamics, and are now extending to the relationship between trade policy, regulation and innovation. He has published ‘Network interaction with material and relational goods: an exploratory simulation’ (2000), with Pier Luigi Sacco.

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## Preface

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While searching for a suitable example for this preface one of the editors of this book had the opportunity of hearing a senior manager reporting on an executives' training course, and was particularly struck by one image. Participants in their forties and fifties were asked to engage in groups in a game. At one point they had to pass through a network of cords without touching them. After a while they were playing so excitedly that, in order to ease the passing, not only was everybody's clothing reduced practically to underwear but somebody's protrusive stomach was pressed by mates' hands during the most crucial phases. Interestingly, this unconventional session ignited a fruitful communication among participants that contributed positively to the course's educational outcome.

We are not advocating that our readers should be involved in similar learning procedures. What we claim is that invisible and hardly definable interpersonal elements – such as those that made training more effective after that bizarre game than before it – do matter in economic life, even though this is usually viewed as the province of the material, the measurable, the objective. And, secondly, that this has momentous consequences for how we depict, conceptualise and manage economic life.

According to conventional interpretations of the thematic and methodological boundaries of economics, interpersonal relations seem not to be the business of economists at all. However, we feel supported by evidence such as the example above, and by considerations that we present in the introduction below, in thinking that a book on economics and interpersonal relations need not trespass unduly beyond the competence of our discipline. We hope to convince our readers of this statement, and of the significance of the 'relational' domain for both economic facts and ideas.

The project of this book began in April 2001 in the quiet atmosphere of Praglia's abbey conference centre, at the foot of the Euganean hills, not far from Padova. The British editor had been invited there by the

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native to comment on the special issue the latter had edited the year before for *Annals of Public and Cooperative Economics*, devoted to economics and interpersonal relations (issue 2 of 2000). The dialogue was fruitful. The result is that two of the chapters of this book, by Bardsley and Kolm, come directly from that special issue; two more, by Bruni and Gui, have their roots there, but have been heavily revised; one is a new piece of work by contributors to the special issue (Sacco and Vanin, with co-author Antoci); three are by other invited speakers at that conference (Borzaga and Depedri, Gazier and This Saint-Jean, Sugden); another two are by authors whose research has intersected with the editors' (Pelligra, Hargreaves Heap); and, last, the two commentaries at the end are by American scholars who have reacted from the other side of the Atlantic to this otherwise strictly European book. Wait a moment; we were forgetting the introductory chapter, which has forced us actually to confront each other's views, in the spirit of the book's title.

Many people gave moral support and useful suggestions for the completion of this book. Some are mentioned in individual chapters. Many others are collectively thanked here.

Furthermore, we cannot help expressing our gratitude to: Luca Clerici and Chiara Possia, who provided precious editorial aid; Mary Gabriel Walton, who took care of the final revision of the English style of some chapters; Blackwell Publishing, which allowed us to reprint previously published material; and, finally, the Italian Ministry for University and Research, for financial support.