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John B. Davis

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ORIGINAL ARTICLE

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Abstract
Stratification economics (SE) is an emergent subfield in economics, but its JEL classification misrepresents its content and its relationship to the whole of economics. This paper first develops a more accurate characterization of SE by identifying its differences with mainstream economics (ME), its commonalities with economics in a broad sense, and how the combination of these differences and commonalities define it as a distinct research program. It then applies this definition to an economic goods taxonomy that makes a distinction between local public goods and common pool goods to interpret SE'S distinct research program as an economics of exclusion. The paper closes with a discussion of how SE might explain socioeconomic change in social group identity terms.

Keywords Stratification · Social group identity · Complex systems · Local public goods · Common pool goods · Exclusion · Political alliance

JEL Classification B41 · Z13

Introduction: the Position of Stratification Economics Within Economics

Stratification economics (SE) investigates significant and enduring disparities in income and wealth by social groups, particularly by race and gender, especially those associated with discrimination in labor and housing markets (Darity 2005; Stewart 2008). Income and wealth, of course, are categories as fundamental as any in economics, and discrimination manifests itself through the price mechanism, perhaps the central concern of economics. This then suggests that persistent differences across social groups in income and wealth that SE investigates should be a central topic of research in economics, and SE accordingly ought to occupy a prominent place in the discipline.

However, particularly in regard to race, there exist few locations in the economics journal literature where systematic disparities in economic opportunities by race and gender can be explicitly addressed, as William Darity recently argued in this journal (Darity 2018). This paper discusses how SE has been excluded from the professional economics journal literature, tracing this to economics' institutionalized system of organizing its categories and topics of investigation, the *Journal of Economic Literature* (JEL) classification of fields, specializations, and areas of research, and links this to the exclusion of the issue of race and social economic stratification from mainstream economics discourse. In doing so, it aims to set out how SE differs as an economics approach from mainstream economics.

Consider, then, where SE falls in economics' authoritative *Journal of Economic Literature* (JEL) classification of fields, specializations, and areas of research. The JEL code places SE in subcategory Z13: Economic Sociology; Economic Anthropology; Social and Economic Stratification. The category Z under which Z13 falls is designated: Other Special Topics. In contrast, Microeconomics, which concerns how markets work, is listed early in the JEL code's alphabetic order as category D. Macroeconomics, which concerns aggregate market performance, is category E. Public economics, which addresses the role of government in the economy is category H (still in the top half of the alphabet). The implication is clear. SE's relegation to the end of the alphabet and under the 'leftovers' label Other Special Topics tells us that its concerns have little standing in the economics profession despite their traditional economic focus. Why?

✉ John B. Davis
john.davis@mu.edu

[1] Marquette University, Milwaukee, USA

[2] University of Amsterdam, Amsterdam, Netherlands

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Surely one reason for this placement are deep, entrenched prejudices in American society that work to silence the investigation of systematic disparities in economic opportunities and well-being across social groups especially by race and gender. Apart from this, on a purely theoretical level ME's long-standing adherence to the view that individuals are atomistically defined in terms of their "private" preferences has served as an effective bulwark against any sort of investigation aimed at explaining people's behavior and economic outcomes in terms of their social group locations. Indeed, economics is somewhat unique among the social sciences in its de-emphasis on research on inequality. For example, the American Sociological Association has a section on Racial and Ethnic Minorities and a companion journal, *Sociology of Race and Ethnicity*, and the American Political Science Association has a section on Race, Ethnicity, and Politics. Black scholars are also on the editorial boards of both those fields' major journals, though not in economics.

In contrast, SE in fact makes individuals social group locations central to explaining their behavior and economic outcomes; thus, its relegation to the periphery of the profession is not surprising, despite its otherwise traditional concern with income, wealth, and how markets work. Indeed, its listing along with Economic Sociology and Economic Anthropology indicates that it is perceived to fall on the margins of economics, closer to other social science disciplines and their concerns than the purported main concerns of the profession (thus, perhaps a "courtesy" to be included in economics and have a JEL classification at all!).

If SE's position in the economics profession, then, is at least in part a matter of fundamental theoretical differences regarding the nature of individuals, are there other fundamental theoretical differences that distinguish it from the Mainstream? At the same time, since SE is clearly still concerned with fundamental economic concerns, what does it share with economics in general (assuming economics is not reducible to ME)? Then, how does this combination of differences and commonalities define SE as a distinct research program?

In the "Differences Between ME and SE" section, I discuss the first question. In the "Commonalities Between Economics and SE" section, I discuss the second. The "SE as a Distinct Research Program: a Complex Systems Interpretation" section addresses the third question. The "SE as an Economics of Exclusion" section then uses the conclusions of these sections to apply the characterization of SE they produce to the standard goods taxonomy's distinction between local public goods and common pool goods to explain SE's distinctive approach as an economics of exclusion. The "SE on the Evolution of Social and Market Processes" section discusses how we might understand the connected evolution of social and market processes. The "Concluding Comments Regarding the Future of SE" section concludes with brief remarks on the status and future respectively of ME and SE.

Differences Between ME and SE

The difference between ME and SE regarding what individuals are is an appropriate point of entry for identifying a larger set of differences between the two, because of what this difference implies regarding: (i) the subject matter of economics and (ii) the types of concepts economics should employ. The standard private preferences view of the atomistic individual is well known. In contrast, SE's view can be labeled a social identity conception of the individual since it makes individuals' social group locations fundamental, and since this is generally explained in terms of individuals' identification with social groups (Darity et al. 2006). Consider, then, what follows from this difference.

The Subject Matter of Economics

A key difference between ME and SE concerns the relationship between the economy and society. For ME, with its primary focus on market relationships, society is embedded in the economy and market relationships explain social relationships, not the reverse. For example, in Gary Becker's (1957) influential analysis of discrimination in labor markets, discrimination should ultimately disappear because it is incompatible with competitive market forces. That is, a social issue can be adequately addressed by the market process. In contrast, for SE, with its primary focus on social relationships, and specifically intergroup inequality, the economy is embedded in society and social relationships explain market relationships, so that the laws or dynamics of society explain how the economy works, not that society is explained by how the economy works. Contrary to Becker's prediction, then, we should not be surprised that discrimination in labor markets persists, even where markets are competitive, since discrimination is rooted in social prejudices that act on how markets work (cf. Darity et al. 2017, pp. 47–50).

This difference does much to explain SE's relegation to the end of the JEL code where it is associated with anthropology and sociology, both of which explain markets by social processes. It also helps explain SE's lesser status in terms of the Mainstream's understanding of economics as a distinct science with its own special characteristics. Mainstream economists generally regard economics as not only fundamentally different from other social sciences, but also more rigorous than other social sciences (cf. Lazear 2000).[1]A corollary of this view is that ME has a distinct conceptual apparatus that cannot be translated into the discourses of other social sciences, nor vice versa. Thus, underlying SE's placement in the JEL code is the implicit assumption that SE misunderstands the nature of (Mainstream) economics.[2]

The Types of Concepts Economics Should Employ

An implication of this is that SE does not use the types of concepts appropriate to (Mainstream) economics.[3] For example, ME explains market exchange, a kind of social interaction, strictly in terms of economics' own concept of comparative advantage, and rules out not only any reference to the influence of the 'non-economics' concept of social power in explanations of how markets work, but also anything that might be understood as exploitation, both of which are concepts used to explain market exchange in other social sciences. This disciplinary restriction of economics' concepts and discourse coordinates nicely with its view of the relationship between the economy and society, namely, that society is embedded in the economy since that embedding makes those "non-economics" concepts irrelevant. Two views, then, exist in the Mainstream regarding what role other social sciences might have in economics: a radical (or conservative) view that denies any place in economics for concepts not explained in pure market terms; a moderate (or liberal) view that characterizes social relationships outside of market relationships as mere "externalities" whose main characteristic is that they may distort how markets should work.[4]

In contrast, SE emphasizes social power and exploitation as key factors determining how some social groups maintain advantages in income and wealth over others. Indeed, the concept of stratification refers to hierarchical ordering of social groups in social and economic terms. From this perspective, ME's concept of "externalities" instead works to obscure the causes of differential market outcomes both by dismissing factors outside markets working on markets from economic analysis and by suggesting that as mere "externalities" these factors are not even particularly significant.[5]

Further, regarding the types of concepts economics should employ, not only does ME restrict the discourse of positive economics, it also restricts the discourse of normative economics in its exclusive attention to welfare and efficiency as modes of evaluation. Normative concerns such as justice and fairness are either ignored altogether in economic policy recommendations, or they are framed as a cost on the efficient operation of markets in what are termed equity-efficiency tradeoffs. Other normative concerns such as the value of community, individual dignity, rights of peoples, etc. consequently find essentially no place at all in ME.

However, for SE, these normative concerns are immediate to the ethical critique of social stratification. Welfare is not defined in terms of efficient markets but rather in terms of a concept of well-being built around justice and fairness.

Table 1, then, summarizes this section's conclusions in terms of five main differences between ME and SE.

I turn, then, to what SE shares with economics in a broad sense extending beyond the specific commitments of ME.

Commonalities Between Economics and SE

SE is clearly concerned with fundamental economic issues, and thus despite the differences listed above also shares certain commonalities with economics in general. I distinguish two kinds of commonalities: (i) shared conceptual structures and (ii) shared modes of economic reasoning.

Shared Conceptual Structures

SE's fundamental concern with the enduring character of disparities in income and wealth by social groups and by race and gender tells us that it employs equilibrium-type concept as a means of explaining how the economy continually gravitates to identifiable patterns of interaction. The Black-White wage differential, for example, is not an occasional manifestation of how markets work, but rather the product of persistent forces that continually to drive markets to this result. Similarly, housing discrimination is not a phenomenon lacking any clear pattern over time, but rather a well-identified outcome constantly and repeatedly produced across all sorts of housing markets.

I will argue in the next section that, given its differences from ME discussed above, how SE uses the concept of equilibrium is quite different from how the concept is used in ME.

[1] Lazear used these two assumptions to defend economics imperialism, essentially by applying a standard trade theory model to exchanges between disciplines. I discuss this and ME's view of the relationships between economics and different social science disciplines at length in Davis (2016).

[2] Economics is also distinguished from other social sciences in that researchers appear more likely to subscribe to genetic and cultural explanations for inequality (cf. e.g., Barth et al. 2018).

[3] Joan Robinson's economics of imperfect competition account of labor exploitation is an exception, though the exploitation interpretation is rarely noted in ME.

[4] For example, if a doctor personally 'cares' for the well-being of a patient, this constitutes an externality lying beyond the market transaction involved in providing health care that in principle might distort the provision of health care (Davis and McMaster, 2017, ch. 1).

[5] Contrast this with the view that externalities are ubiquitous since firms systematically shift and "externalize" their costs onto society, thus imposing them on non-market agents (Kapp 1970). Environmental costs are a classic example.

Table 1 Differences between ME and SE

Differences	ME	SE
Individual conception	Atomistic/private preferences	Social group locations are fundamental
Relationship between the economy and society	Society is embedded in the economy	The economy is embedded in society
Economics in relation to other social sciences	Economics is independent of and superior to other social sciences	Economics is closely connected to other social sciences
Economics' concepts and discourse	Market-related only	Market and other social relationships are intertwined
Economics' normative scope	Restricted to efficiency and welfare	Primary attention to justice, fairness, community, dignity, rights, etc. in a broad theory of well-being

Here, I simply say that the concept refers to the tendency of the economy to settle into identifiable relationships which can be investigated in terms of underlying forces—a general meaning that does not specify the types of relationships involved. In equilibrium theory, then, this gravitation to identifiable relationships is especially explained in terms of their stability. Stable relationships are not just ones an economy gravitates to from time to time but ones that if disturbed the economy tends to gravitate back to. That is, equilibrium states are not temporarily settled states of affairs, but states of affairs that have long-term persistence.

This indeed describes the enduring long-term character of disparities in income and wealth by social groups and by race and gender that SE investigates. The underlying social forces that drive these outcomes are long-term social factors in the sense that they are deeply rooted in history, and are largely independent of changing patterns of economic development and changes in social policies regarding the economy.

Note, then, that while other social sciences also investigate settled relationships, they do not generally use the language of equilibrium and stability to do so. The term "equilibrium" is used commonly in natural science, and economics has taken it over from there, perhaps because economic relationships have long been seen to be law-like on the model of scientific laws in the natural sciences. However, SE's concern with enduring relationships in the economy does not require that these relationships be thought to be laws or law-like. I also return to this issue below.

Shared Modes of Economic Reasoning

My claim in this case is that SE's commitment to the idea that the economy exhibits gravitation to stable equilibrium-like situations leads it to employ a sort of reasoning regarding how the world should be explained methodologically that economists generally employ.

Consider, then, how the world is thought to work when explained in equilibrium terms. Equilibria exist, but they can also break down due to "disturbances" associated with unexpected, irregular forces acting upon them. Such forces are conventionally termed "shocks" in economics to emphasize their unexpected, irregular character. When we think in terms of economic models formulated in terms of specific, identifiable economic relationships, "shocks" are factors treated as exogenous relative to the endogenous relationships operating within the model.

However, since the world constantly gravitates to equilibria, shocks must still be transient events that are accordingly followed by gravitation to new equilibria. The method of analysis economists then employ is an episode-based type of analysis framed as a specific sequence:

[equilibrium – shock – new equilibrium]

The original equilibrium and the new equilibrium are linked by the shock so a continuity exists between them but the character and source of this link means that original equilibrium does not fully determine and explain the new equilibrium. That is how the world changes over time depends centrally on the nature of the shock where it comes from and what its nature is.

I will argue in the next section that SE's interpretation of the nature and role of shocks as the link in this sequence is important to explaining the character of its distinct research program, but close this section with a summary of its claims in Table 2.

SE as a Distinct Research Program: a Complex Systems Interpretation

My view, then, is that what makes SE a distinct research program is how it combines the ways in which it differs from ME and its commonalities with economics in general. I frame the discussion here in terms of commonalities, and then look at their distinctive interpretation, given SE's differences from ME. Drawing on Table 2 on commonalities, then, there are then two ways I explain SE's distinct research program: (i) in terms of shared conceptual structures; specifically, how equilibrium and stability are understood in SE; (ii) in terms of shared modes of economic reasoning; specifically, how the

Table 2 Commonalities between economics and SE

Commonalities	Form of economic reasoning
Conceptual structures	Equilibria acted on by external forces
Method of analysis	[equilibrium – shock – new equilibrium] model of analysis

[equilibrium – shock – new equilibrium] model of analysis is employed in SE.

SE's Interpretation of Shared Conceptual Structures—Equilibrium and Stability

I argued that SE employs an equilibrium-type concept and uses the idea that equilibria tend to be stable. In the "Differences Between ME and SE" section, however, I argued that fundamental to SE is the view that the economy is embedded in society, not, as ME has it, that society is embedded in the economy. What, then, does the SE equilibrium concept in fact apply to?

According to William Darity:

> Stratification economics examines the structural and intentional processes generating hierarchy and, correspondingly, income and wealth inequality between ascriptively distinguished groups (2005, p. 144).

What the equilibrium concept applies to, then, is the hierarchical relationship between ascriptively distinguished social groups, specifically as distinguished by race and gender. That is, what the economy continually gravitates toward is a whole array of stable unequal relations in income and wealth across social groups. Markets accordingly adjust to these "social group equilibrium" states rather than the mainstream view that social relationships adjust to market equilibria. As its name indicates, SE is about social stratification, so its use of an equilibrium-type concept, accordingly, is its means of explaining how the economy continually reproduces stable hierarchical orderings of social strata by groups.[6]

Darity also emphasizes that SE investigates how "Intergenerational transmission effects load heavily on the transfer of material resources across generations" (Ibid.). That stratification across social groups operates intergenerationally in determining the movement of material resources from one generation to the next means that social group equilibria are stable and enduring in the long term. Should events or social policy then disturb a given social group equilibrium, we should nonetheless expect society and the economy to gravitate to another.

There is an interesting difference, however, between how SE understands stability and how ME understands it. ME sees equilibria as being produced by symmetrical supply-and-demand forces, since both sides of the market are determined by the behavior of atomistic individuals, and in a general equilibrium world, all markets affect all markets. This means that should external forces displace an equilibrium, the new equilibrium in the market is no more likely to rise or decline in value. Whether prices go up or down cannot be determined since shocks that disturb equilibria are by nature unexpected and irregular.

For SE, however, social group equilibria are hierarchical, so not only do societies continually gravitate to social group orderings, but they also gravitate to overall structures of orderings with different social groups continually positioned on different social economic levels vis-à-vis one another. This tells us something about the way in which the equilibria involved are stable. It is not the case that a given social group is equally likely to see its relative status rise or decline following events—e.g., social movements, political turmoil, natural disasters—disturbing some existing social group equilibrium that is then followed by some new social group equilibrium.

Instead, that social equilibria are hierarchical and continually order social groups vis-à-vis one another means that events disturbing existing states of affair are more likely to adjust social group relationships to advantage higher ranked social groups and to disadvantage of lower ranked social groups. That is, equilibria are not symmetrically stable, but involve biased adjustment upwards for advantaged groups and downward for disadvantaged groups. For example, the 2007–2008 financial crises upset an existing social group equilibrium, and was followed by another in which the position of white men was significantly enhanced and the position of black women was significantly worsened (Arestis et al. 2014). Thus, the stable character of social group equilibria reflects the overall structures of orderings with different social groups.

SE's Interpretation of Shared Modes of Economic Reasoning—an Expanded Equilibrium-Shock Model of Analysis

The [equilibrium – shock – new equilibrium] model employed in economics is built around the equilibrium concept, and shocks in the mainstream are regarded as idiosyncratic, unexplainable events relative to the logic of equilibrium determination. However, SE is not a market-centric sort of theory but instead a social relations-centric sort of theory, and thus its

[6] Here is worth adding that the term "equilibrium" as used here obviously does not mean "desirable" despite mainstream economists' tendency to sometimes conflate the two.

focus is on what lies outside the market and ultimately drives the market process. Accordingly reducing social processes to shocks not only distorts thinking about those processes by characterizing them as idiosyncratic and unexplainable, but also discourages investigation of what drives economic outcomes. How, then, do SE economists interpret the mainstream understanding of the equilibrium-shock model?

Darity's entry point for answering this question is how mainstream economists are likely to look upon persistent differences in economic success and well-being between individuals in advantaged and disadvantaged social groups. Since these differences cannot be explained by market processes, a natural explanation for the mainstream economist, he argues, is to ascribe those differences to the behavior of the disadvantaged social groups themselves—an ascription that then functions as "an ideological mask" concealing a society organized hierarchically across advantaged and disadvantaged social groups.

For the stratification economist, claims about the defectiveness of a group with outcast/caste status are an ideological mask that absolves the social system and privileged groups from criticism for their role in perpetuating the condition of the dispossessed (Darity 2005, 144).

The mainstream idea that market equilibria are disturbed by idiosyncratic shocks consequently suppresses the investigation and understanding of social forces that ultimately underlie and drive market processes by concealing their underlying determinants. For SE, the way markets work depends on what is systematically elided from economic analysis, leaving a socially benign supply-and-demand account as all that economics is about.

SE's interpretation of the [equilibrium – shock – new equilibrium] model consequently aims at replacing the shock idea by analysis of how changes in hierarchical social group relationships cause disruption and adjustment in market processes. Though it oversimplifies, call these disruptions "social shocks." Then, since SE shares economics' equilibrium reasoning, the new equilibria that emerge after these shocks settle not only market processes but also social processes. Or, the overall equilibrium state of affairs needs to obtain in both sorts of processes, given that they are connected and interact.

This multi-level or multi-process mode of reasoning is one often used in Complexity Economics where relatively distinct processes interact and some are nested in others—here with market processes nested in social processes. Entire multi-process systems are treated as "self-organizing" (Simon 1962), and their analysis involves identifying and explaining relationships between different processes that cause their overall evolution. The difference, then, between the non-complex, single-process mainstream view and an SE complex system multi-process view can be set out schematically as follows.

Suppose that the market process is explained in mainstream supply-and-demand terms. We might think here, for example, of labor markets where the combined effects of choices on both sides of the market mean that altogether atomistic agents' actions a have wage determination effects b.

Causally speaking, then, there exists a direct relationship between a and b:

$$a \rightarrow b \tag{1}$$

If we ignore for the moment how social processes affect markets and simply think of changes in markets as only being caused by idiosyncratic shocks, then new equilibria succeed such shocks as in the standard mode of reasoning, and the same market model is then continually reproduced. In short, the $a \rightarrow b$ relation acts on itself through a reflexive feedback channel—reflexive in the sense that it feeds back upon itself—and makes the market model a complete, self-reinforcing explanation of the world:

$$a \rightarrow b \Rightarrow (a \rightarrow b) \tag{2}$$

Then, the overall causal effects, (⇒), of the direct relationship [1] and the reflexive feedback channel [2] produces both b, the wage determination result, and $(a \rightarrow b)$, the self-reinforcing conception of the labor market:

$$\begin{aligned} &a\, and\, a \rightarrow b\, and\, a \rightarrow b \Rightarrow (a \rightarrow b) \\ &\Rightarrow b\, and\, (a \rightarrow b) \end{aligned} \tag{3}$$

That is, since $a \rightarrow b$ and $(a \rightarrow b)$ exhibit the same direct effect of a on b, the reflexive feedback channel demonstrates that the market model provides a complete explanation of the world. Contrast this with SE's view of the world in which social processes are not idiosyncratic but influence market processes. In terms of the same example, suppose the relationship between a and b involves wage discrimination, and that this is disputed and resisted by those who are victims of it—a social process independent of the market process that acts upon it.

Agents' actions a then still have direct effects on b, since labor markets continue to work in terms of supply-and-demand mechanics. However, since the effects of social processes now can influence the relationship between a and b, the market model no longer provides a complete explanation of the world. Therefore, the feedback channel does not simply reproduce the original relationship between a and b in a self-reinforcing way, so that [2] is now replaced as follows:

$$a \rightarrow b \Rightarrow (a \rightarrow b)' \tag{4}$$

The combined relation [3] is accordingly replaced as follows:

$$a \, and \, a \rightarrow b \, and \, a \rightarrow b \Rightarrow (a \rightarrow b)' \Rightarrow b \, and \, (a \rightarrow b)' \tag{5}$$

The effects b in supply-and-demand terms of agents' actions a still occur, but the relationship between a and b has changed because the market process is nested in a social process, namely, that wage discrimination is disputed and resisted, which determines its functioning. In complex systems terms, the market model not only fails to provide a complete explanation of the world, but also ignores how different processes interact in multi-process systems—here where change in markets is determined by social processes that occur outside them and acts upon them. Yet so long as "an ideological mask" concealing social processes acting on markets remains in place, the market process vision of the world in [3] prevails. Table 3 summarizes the results of this section.

This account leaves two matters unexamined. First, it says very little about the social processes in [4] that are associated with persistent differences between social groups by race and gender in market economies, or about how they may have transformative effects on market processes. Indeed, in a multi-level, multi-process analysis, we begin to see the limitations of reasoning in terms of "shocks" as set out in this section, since this limits what gets said about social processes.

To make this analysis more meaningful, then, the next section lays out a framework for integrating social processes with market processes. To do so, it compares SE and ME in terms of how they address the effects of social processes on market processes, and by treating SE as an economics of exclusion.

Second, [5] not only tells us that markets do not simply reproduce themselves in a self-reinforcing way, given the interaction between social and economic processes, but it also suggests that market processes may evolve in virtue of how social processes operate upon them. The section following the next thus turns to the issue of how they might evolve together.

SE as an Economics of Exclusion

The complex systems interpretation of SE in the last section, combined with ME's "ideological mask," implies that SE's distinctive research program examines the interaction between social and market processes which ME conceals. SE, then, is first and foremost an "economics of exclusion" in that it constitutes a response to ME's exclusion of social processes from economic analysis: it investigates *what* ME excludes from economics, namely, the influence of social processes on market processes. Yet, SE is also an economics of exclusion in that it investigates *how* that exclusion operates, or how ME's "ideological mask" restricts attention to market processes at the expense of providing a full account of how the market economies work hierarchically.

I offer one way of addressing these two dimensions of exclusion by comparing how SE and ME approach the traditional taxonomy of goods. In the standard goods taxonomy, different types of goods are classified according to two characteristics: whether their consumption is rivalrous and whether it is excludable. Rivalrousness is a matter of whether one person's consumption precludes another's. Excludability is a matter of whether people's access to goods can be limited. Combining these two characteristics produces four different types of goods: private goods, public goods, local public goods (or club goods)[7], and common pool resource goods (see Table 4).

What Is Excluded from Economics: SE on Club Goods and Common Pool Resource Goods

I argue that SE focuses on southwest-northeast diagonal in Table 4, and sees the distinction between club goods and common pool resource goods as broadly reflective of how social processes determine market processes in hierarchical societies through a whole variety of social restrictions.

Club goods, then, are the product of membership rules extended to a limited number of people. Access to such goods is fully excludable and non-rivalrous so long as membership is limited. Once in the club, a person has unlimited, exclusive access to what the club provides, while those not in the club have no access to the goods the club provides. Indeed, for those not in the club, the opposite case is common pool resource goods.

Common pool resource goods exist where secure property rights are absent and government regulation is ineffective or non-existent. Their consumption is rivalrous and access is non-excludable, so that they are often over-used depleting their resource base in tragedy of the commons type scenarios.

For SE, society's hierarchical organization by social groups, where some groups are socially and economically advantaged and other groups are socially and economically disadvantaged, replicates the distinction between these two types of goods. Belonging to a social group is equivalent to being a member of that group, so hierarchical social orders work according to social group membership. Advantaged social groups enjoy membership in exclusive club-like social arrangements that allow higher levels of consumption (and real income), while disadvantaged social groups are restricted from being members in those social arrangements, and accordingly are left with lower levels of consumption (and real income).

If we see the social arrangements involved as deeply rooted in social prejudice and long-standing maintenance of the rules

[7] The expression 'club goods' is due to Buchanan (1965).

Table 3 SE as a distinct research program

Focus of comparison	ME	SE
Conceptual structures	Symmetric, socially benign supply-and-demand equilibria	Asymmetric, hierarchical social group equilibria
Method of analysis	Idiosyncratic shocks and a single-process conception	Social "shocks" and a multi-process conception

that limit access to privileged club-like economic institutions, then this distinction provides a solid basis for explaining how "Intergenerational transmission effects load heavily on the transfer of material resources across generations" (Darity 2005, p. 144).

The club goods idea, then, can be used to explain discrimination in social terms since discrimination is central to maintaining restrictive access for some social groups. Human capital based theories of wage differentials use purported differences in skills to explain restricted access, but a club goods interpretation makes social prejudice a fundamental determinant of restricted access.

At the same time, the idea that disadvantaged social groups are left to compete over free access common pool resource goods well describes the trap-like conditions people face when excluded from club-like opportunities. For example, housing markets in poor inner urban areas place higher burdens on socially disadvantaged individuals than housing markets in better off urban areas (Desmond 2016).

Consider now how ME avoids making social group hierarchy a part of economics.

How ME's "Ideological Mask" Works: Private Goods and Public Goods

I argue, then, that ME emphasizes the northwest-southeast diagonal in Table 4, and assumes that the economy can be fully explained in market process terms alone by focusing simply on the distinction between private goods and public goods. Of course, the production and provision of private and public goods depend on social processes, respectively, private property rights, and government. How, then, does ME proceed as if market processes work independently of social processes?

In principle, private property rights and government provision of public goods extend to all people in a society. Thus, the social processes they depend on do not distinguish higher ranked social groups and lower ranked social groups, whereas the social processes generating club goods clearly do so. Thus, focusing on private and public goods alone makes it appear that market processes work independently of social processes.[8]

Table 4 Standard taxonomy of goods

	Excludable	Non-excludable
Rivalrous	Private goods	Common pool resource goods
Non-rivalrous	Club goods	Public goods

At the same time, ME needs to de-emphasize the role played by club goods and common pool resource type goods in the economy. Evidence for this lies in the JEL code, where club goods fall under State and Local Government, the next-to-last subcategory (H7) under public goods (falling just before Miscellaneous Issues), implying they concern a specialized topic not central to the overall category of public goods (whose primary focus is national governments). Thus, the socially restrictive character of many local communities, where zoning and disguised red-lining practices favor socially advantaged groups in a club-like way, is represented as a minor topic. Alternatively, club goods can be investigated under Externalities and Redistributive Effects (H23).

The idea that restrictive effects of club goods are "externalities" itself implies that they are side effects of market processes, and thus not central to the overall explanation of market processes. Common pool resource goods have even a lesser status in the JEL code. Their investigation generally falls under category Q: Agricultural and Natural Resource Economics; Environmental and Ecological Economics, significantly down in the JEL alphabetical order, and they are typically investigated in relation to environmental problems and not the social conditions of urban communities.

However, disadvantaged urban communities often suffer the same sort of problem investigated in environmental economics, namely, their populations' competition for their limited resources undermines their precarious resource base. Schools, public safety, food stores, transportation, etc. are shared resources in limited supply and thus subject to overuse that further erodes them.

Despite the fact, then, that the common pool resource problem clearly affects disadvantaged communities, ME rarely generalizes the common pool resource problem to include differences in types of communities. Indeed, to do so would make obvious that resource quality systematically varies

[8] I emphasize appearance here to capture the ME "as if" strategy. Clearly, however, private property rights and government provision of public goods do not extend to all people equally in practice as, for example, the realities policing and court systems in hierarchical societies well demonstrate.

across communities, thus demonstrating that communities can be differentiated hierarchically by advantage and disadvantage, and therefore that market outcomes are determined by social processes.

The argument in this section, then, differentiates SE and ME according to the latter's control of what economics is supposed to be about, especially as institutionally legitimated in the official JEL taxonomic classification system for economics. That system influences economists' research priorities, economics education, and the formulation of social policy in such a way as to suppress investigation and thinking about how social group hierarchy is perpetuated and reinforced by market processes.

However, for SE, market processes are embedded in social ones, and so (as indicated by [5] in the last section) markets do not simply reproduce themselves independently of social processes; rather, social processes determine whether markets work to perpetuate social hierarchies. Thus, how social processes evolve in relation to market ones deserves discussion to fully account for the distinctive research program of SE. This is the subject of the following section.

SE on the Evolution of Social and Market Processes

Though SE uses an [equilibrium – shock – new equilibrium] model of analysis, we saw that shocks are social shocks, not the sorts of idiosyncratic disturbances that ME with its exclusive attention to market processes assumes, and as such constitute the effects of social processes on markets. At the same time, though SE is concerned with enduring relationships in the economy, it is not committed to the idea that they reflect laws or are law-like relationships, as ME implies with its natural science vision of the economy.

For SE, how the economy evolves over time is determined by how social relationships evolve over time. I suggest, then, that for SE, with its foundations in social group identity theory, there are two, opposing types of determinants that explain the evolution of social relationships. The first derives from standard social group identity theory. In that theory, individuals' own social group locations serve as reference points that frame their behavior. Specifically, individuals act in ways that favor other in-group individuals and disfavor out-group individuals (Tajfel et al. 1971). In political terms, people form alliances with members of their own social groups against people in other social groups. I characterize this type of political alliance as in-group politics.

The second determinant derives from a refinement in social identity theory associated with explaining circumstances in which people identify with multiple social groups—termed intersectionality (Crenshaw 1989)—such that their behavior can favor one set of in-group individuals in one situation and another set in another situation. For example, a person might identify with others by race or by gender depending on the situation. In political terms, people can form alliances with social groups they are members of against social groups which they are also members of.

In effect, people have one foot happily in one group and their other foot unhappily in another. This complicates political alliances, but it also creates opportunities that do not exist in simpler in-group versus out-group circumstances, since the divided individual with multiple identifications remains a member of groups that may be in opposition, and thus acts potentially as a bridge between them. I characterize the types of political alliance that this involves as cross-group politics (cf. Davis 2015).

If we look back, then, to the formal analysis in "SE as a Distinct Research Program: a Complex Systems Interpretation" section, note that [2] and [3] describe a closed, self-reinforcing world in which existing relationships perpetuate themselves. Standard social group identity theory fits this analysis because an in-group versus out-group situation sustains itself. In contrast, [4] and [5] describe circumstances in which the world is open and evolves in that existing relationships do not perpetuate themselves. Intersectionality social group identity theory fits this analysis because cross-group politics hold the potential for transforming existing relationships.

The world we actually live in, of course, is the intersectional one—standard social group identity theory being only an initial theoretical framework that has undergone refinement. Thus, we live in a world in which social relationships can evolve, despite the strong forces producing social stratification, when social processes act to change market relationships that maintain social stratification. Here, I explain those social processes in a very elementary way in terms of political and social group identities, and do not explain any particular types of change. The important conclusion here, then, is that SE, because it sees the economy as embedded in society, possesses the capacity for explaining this potentially changeable world. ME lacks this capacity, and indeed in assuming society is embedded in the economy works to secure a socially stratified world.

Concluding Comments Regarding the Future of SE

ME's dismissal of SE and other non-conforming economic approaches is clearly costly to them. Yet, it may be costlier to ME, since it leaves mainstream economists with the unchallenged view that social processes are reducible to and fully explained by market processes. I trust that the idea that society is fully explainable by the economy is so implausible once reasonably considered that the risk to ME of its self-isolation and insulation from dissident approaches will be apparent. The prospects for SE, however, are in principle quite positive. On the one hand, it is hard to deny that the most fundamental social economic issues facing people in the world today are rising inequalities and disparate opportunities and well-being by race and gender. These issues must be addressed if human society is to prosper, and SE provides a framework in which this can be done. The goal of this paper, then, was to try to contribute to further articulating what this framework involves on the grounds that this articulation may increase its influence and progress.

On the other hand, SE, as rooted in social group identity theory, provides a concrete framework in which these fundamental contemporary issues can be addressed. What is especially powerful about this framework is that it shows how social processes can be determinative of market processes through understanding the politics of social groups. One of the tasks of this paper was thus to link social group identity theory with politics so as to show what social and market processes' evolution depends upon in terms of how people confront social stratification.

This paper has left out of consideration one very important social domain that should be integrated into the characterization of SE and into any analysis of change in society and the economy: ethics and values as a basis for the politics of social economic policy. I leave this to future discussion.

Compliance with Ethical Standards

Conflict of Interest The author declares that there is no conflict of interest.

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