

## **Selznick, Schumacher, and Spinoza? Reframing the theory of communitarian liberalism for radical systems change.**

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### **Introduction**

The question of appropriate scale has never been more relevant to political theory. In the modern day, unusual phenomena are emerging in our human systems. Globalisation has slowed in the last decade as geopolitical and spacial capital realities become clear. *Slowbalisation* is the new word of the day, used to refer to the marked reduction in growth, foreign direct investment, with an increase in trade disputes, and intra-regionality, over the last decade.<sup>1</sup> Simultaneously, modularity agendas have come to dominate discourses with regard to social, economic and political networks: the rise of nationalist de-integrationism in Europe, protectionism and repatriation in the US, Chinese Belt-and-Road aspirations taking precedent over Western investments, renewed talks of an African Economic Union.<sup>2</sup> To see these policy agendas as coincidental would be blind to the broader picture. It is not unreasonable to suggest that something of a recoiling of markets is occurring, the implications of which are not yet known.

Why did this happen? It could reasonably be suggested that, in theory, this was an inevitable consequence of development: as national economies grew, so did their agency and interests. Irrespective of global links, strong local firms have an advantage over multinationals who lose out over costs and limitations of service — particularly when such links are made between highly differentiated jurisdictions. The failure of American tech firms to successfully enter the Chinese market is a prime example, where business-models were not compatible with a different kind of internet (highly constrained rather than a liberalised network). Even between the EU and the US, data regulation discrepancies and changes to the tax codes have limited interregional business activity.<sup>3</sup> In this context, these limitations are not a failure of free-trade itself. Indeed, global prosperity has never been higher, even as stark inequalities persist.<sup>4</sup> Rather, it is the sustainability of globalisation in its current scalar form that is at fault. When international and interregional trade assumes superiority over sociopolitical features, it is only a matter of time before the material realities catch up with

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<sup>1</sup> The Economist, Jan 24, 2019

<sup>2</sup> World Economic Forum, 2019 Agenda: *Road To Davos 2019: Africa's Place In Globalization 4.0*

<sup>3</sup> The General Data Protection Regulation 2018, ironically, can impact smaller internationally-trading businesses the most in basic economic terms; ensuring compliance is costly, and limits data-driven enterprise that would otherwise aid growth via conventional trade links. Though, as Bradford notes, this can also systemically reduce costs for non-internationally-trading businesses, increasing competitive advantage at home. (Bradford, A., (2015) *The Brussels Effect*, Nw. U. L. Rev. 1, 107.)

<sup>4</sup> World Bank, (2015) Poverty headcount ratio at \$1.90 a day, and Poverty gap at \$3.20 a day (2011 PPP) <https://data.worldbank.org/indicator/SI.POV.LMIC.GP>

the expanded capital. In acknowledging this, it is logically implicit that a new system, which reduces this disorderly outpacing, would be more optimal both socially and economically. Such a system, it will be argued herein, is to be found in the artful balancing of two contradictory political philosophies, that of communitarianism, and liberalism, first proposed by social theorist and jurist Philip Selznick. Stabilising human systems is no small project, so requires sufficient philosophical nuance, which is enabled by such a paradoxical pairing, and through an injection of key ethical ideas from E.F. Schumacher, and Baruch Spinoza. In this way, a new conceptual framing can be presented by reconsidering the social, economic, and philosophical dimensions of this radical approach.

### **I. The dichotomy**

Traditionally, and continually, the classical liberal world-view has been seen as oppositional to the communitarian social, economic, and political philosophy. A lack of impediment to the freedom of ideas, goods, services, people, and capital is seen as antithetical to small-scale, modulated modes of living and being, where social traditions and bonds act as parameters to all action.<sup>5</sup> Such dichotomy has been exacerbated by the prominence of neoliberalism in the modern age, where bigness, high-influence collaboration, and economic integration have defined the globalisation/internationalisation of the past half-century. This approach, in pure theoretical terms, can be seen as anti-community, and thus anti-social, encouraging state-supported capitalism, and unbridled consumption. Nonetheless, this is not the harmonic system of open exchange envisaged by the real libertarians of the Walter Lippmann Colloquium (Mises and (less so) Hayek). Indeed, by returning to the essential, and existential, foundations of free society in our political thinking, the dichotomy of communitarianism and liberalism can be deemed entirely false.

The primary issue with returning to essential foundations and principles is that they are subject to a binary opposition of sociological perspectives. It can be said, in political philosophy, that those on the Left and the Right are in fact united by one basic philosophical idea: an aversion to bigness. For the Left, the enemy is Big Corporations, while for the Right, it is Big Government. This is, of course, a dramatic superficiality. Though there is a fear of two different kinds of power, both are scalable, so decrease in threat with reduction in size. Such a fact is ever-forgotten in the polarised politics of the modern day, where oppositional contentions of state-based governance philosophies define the discourse. Indeed, the modern communitarianism political philosophy emerged as a consorted critical response to Rawls, sparking a further superficial argument in the 1980s over the true nature of the self rather than what kinds of community was being proposed.<sup>6</sup> Much of the blame for this limited paradigm of thinking, that has led to the prevailing modern liberalism-communitarianism dichotomy, can be laid at the feet of Germanic sociological theory. In particular, the famous Tönniesian binary of *Gemeinschaft* and *Gesellschaft* has influenced a particular narrowness to viewing

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<sup>5</sup> Now well appropriated into modern popular consciousness as the four central values of the European Union, as basic tenets of organisational neoliberalism.

<sup>6</sup> The core of this intellectual argument arose from communitarian Charles Taylor's response, in *Atomism* (1985), to libertarian Richard Nozick's *Philosophical Explanations* (1981), which itself was a response to Rawls's *Theory of Justice* (1971). The organisational analysis was lost in this battle, hence the importance of Selznick in reassessment of such, while defiantly incorporating the two ideological positions in communitarian liberalism.

the nature of communities.<sup>7</sup> This has resulted in certain theoretical presuppositions — about order and chaos, inter-personality and impersonality — strongly shaping a view of social cohesion that conflates economic and social openness/liberality with bigness, and thus fears the former as a value-disinterested force, rather than the latter.<sup>8</sup> In its place, directed economic activity by the community, for the community, is proposed. This, unsurprisingly, has inspired a range of left-wing critical perspectives on market economies themselves, where the *Gemeinschaft* holds intrinsic value so as to generate optimally productive action. In the emergence of libertarian socialism — two words that, together, are fully contradictory in political philosophy, — become consistent under the influence of Tönniesian social theory, where one's immediate, interpersonal society is the epistemic source of all moral action, and thus freedom from lesser actions (as required by the commodification of labour).<sup>9</sup> Such reasoning is definitively communism. Incentives are social, not economic; individual freedom of preference is subordinated to the *Gemeinschaft*. As such, the concept of liberty has been lost to the realm of social constructivism.

In the context of the rise of neoliberalism, the detrimental effect of a simplified economic sociology can be viewed in real-time. Though it is characteristic of political science to claim some ambiguity as to the true meaning of “neoliberalism”, in organisational terms it was a largely reactionary movement of the post-Great Depression era, where the failure of liberal market policies was seen as total, and damning. In the financial chaos, order was needed, but scale was never considered, nor was the true nature of market regulations. Instead, the state was the solution, and seen as the vital connection to moral values that must shape liberal market economies into social market economies.<sup>10</sup> As Richard Epstein has put it, referring to American progressivism in the latter half of the 20th century:

‘...the progressives almost uniformly had a predilection for state-monopolies, which they borrowed, to some extent, from the German systems of corporatism which dominated the late 19th Century over in Europe.’<sup>11</sup>

Indeed, the German-inspired ideology of social markets, tied to notions of social politics that are in turn inspired by the aforementioned sociological paradigm, encouraged both corporatism *and* guild socialism around the world.<sup>12</sup> Epstein, in this context, is also directly concerned with the nature of administrative organisations and their interests in the private sphere. True to the classical liberal tradition, he maintains a general scepticism with regard to

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<sup>7</sup> Tönnies, F., (1887) *Gemeinschaft und Gesellschaft*, Leipzig: Fues's Verlag, 2nd ed. 1912, 8th edition, Leipzig: Buske.

<sup>8</sup> This of course does not refer to Max Weber's responses to Tönnies, such that the critical theoretical version could also be called “Weberian counter-sociology” from a different angle.

<sup>9</sup> Chomsky, N., (2013) *On Anarchism*, The New Press.

<sup>10</sup> Such alterations to the role of the state and welfare has been popularly typologised by Esping-Anderson, 1990, though this mention does not refer only to welfare, but also to general political economy.

<sup>11</sup> *Is the Administrative State Consistent with the Rule of Law?* Lecture at the University of Chicago Law School, January 29, 2008, Chicago's Best Ideas series.

<sup>12</sup> Klaren, P., & Bossert, T., (1986) *Promise of Development: Theories of Change in Latin America*, Boulder and London: Westview Press

factional issues that corrupts the legitimate agency of public servants. In such a way, organisational and social theory becomes greatly relevant, where the amalgamation of complex human intentions and motives, and its implications for institutional agency, create an uncertain governance. Philip Selznick presents this most fully throughout his work, with an early emphasis on complex human psychology and the influence of wider systems upon decision-making and civil continuity.

This interpretation is not particularly radical, particularly given the modern movements of both behavioural economics, and complexity economics, over the last 30 years; that attempt to scientifically model this human dimension of markets. However, it was prior to, and during this period that Selznick recognised the need for a complex pragmatic reconciliation of social identity with social politics.<sup>13</sup> That he did so is highly significant, in that what followed in the economic sciences could reasonably be seen as nothing more than the analysis of the pathology, not the epistemic cause. In understanding that complexity increases with scale, and with it market uncertainties, the likelihood of social disconnection is seen by Selznick to necessitate the radically pragmatic formulation of communitarian liberalism.<sup>14</sup> There is some subtlety to the implications of this, and it is accurate to claim that this highly unique and original pairing — particularly with regard to liberalism — is under-explored in terms of its enduring relevance and modern pertinence. To frame it effectively, a deep systems approach is necessary, where the economic and social dimensions are presented in a manner consistent and compatible with the ambition of Selznick in his social systems inquiry.

## **II. A framework for considering economic scale**

It might appear fallacious to generalise the sociopolitical principles of communism and communitarianism. After all, the sociology of scale and politics are not necessarily mutually inclusive, even if the notion of strong socioeconomic parameters causes the classical liberal some nausea. Indeed, it is true that the latter can manifest without the former and is not a necessary condition (though potentially a sufficient one) for the former to manifest. As a matter of theory, it is necessary to distinguish the essence of a non-socialist communitarianism that is maximally free. The specifics of why liberalism has been lost in community theory is highly significant for the true organisational dynamics of freedom. In fundamental terms, the tension is between idealism and realism of economic life. Selznick is particularly concerned with this dichotomy, and with pragmatically neutralising the differentiation. The idealism that categorises the socialist communitarian approach leads to the great flaw with anti-materialism: that seeks to do away with all notions of wealth consolidation. This is incompatible with the kind of agency the socialists would see materialise, because true fungibility is not conducive to appropriately socialised assets and allows value to be decoupled from real-world phenomena and held by the firm.

From an organisational perspective — which is indeed the central Selznickian concern — there is a lack of trust in the private firm, the liberalisation of which presents a major obstacle to equitable outcomes. The communitarian notion that localised free-market

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<sup>13</sup> Wilhelm Ropkë recognised this much earlier, but did not examine the organisational dimensions of *homo agens* in the sociological breadth and depth that Selznick offers — perhaps a byproduct of the former's intellectual debt to Mises.

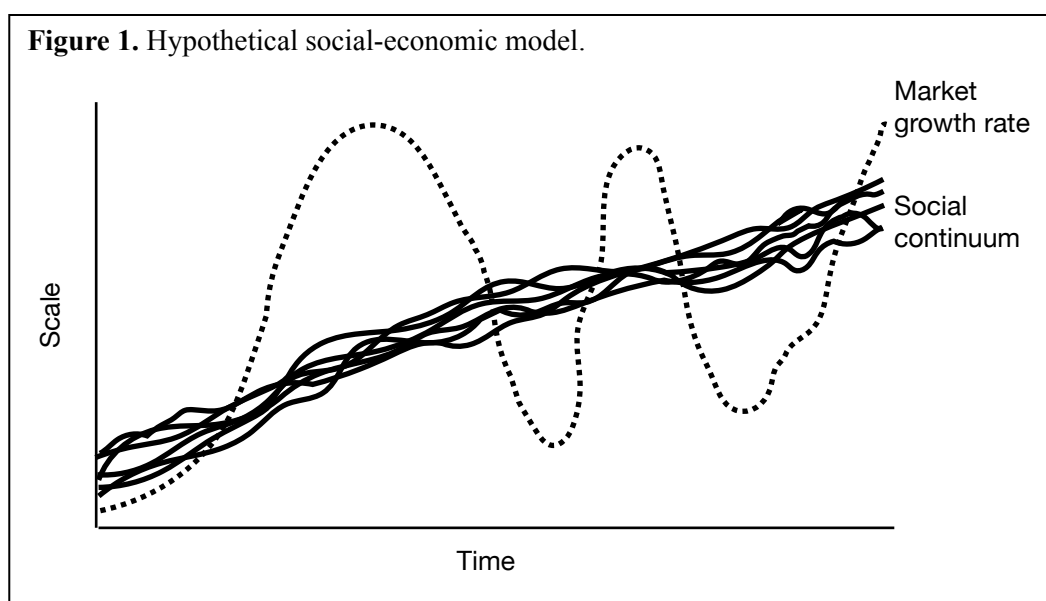
<sup>14</sup> Selznick, P., (1992) *The Moral Commonwealth*, California University Press.

agents only work if they manifest value-driven social network features is a strong one, taking into account the intentions of people and their institutions. In this sense, what Selznick calls the “institutional embodiment of purpose” must be rooted in the specifics of the social world to which it pertains.<sup>15</sup> In this manner, the institutional organisation of things much speak to the relationship between the internal coherence of the institution, and the external moral order. Further, this is also the source of the legitimacy of governance: where liberty is the moral concern, the institution has no coercive role in the social system.

If one mistake is to confuse ideals with prosaically attainable values, another is to sanctify prosaic instruments and tools, treating properly fungible means as unalterable ends, what later came among organization theorists to be known as “goal displacement.”<sup>16</sup>

This might be perceived as pure, unfettered liberalism; libertarianism even. However, when viewed in conjunction with socio-legal and sociopolitical considerations, as consistent with the holistic view Selznick takes, the reasoning becomes clear. Overall, his view assumes that the social frameworks, that are meaningful to the individual to a range of degrees, effects the democratic spirit in such a way as to generate emergent pragmatism — albeit at appropriate scales. In this sense, the polity as an entity is adaptive.<sup>17</sup>

Returning, in this context, to the subject of neoliberalism and the sociocultural and sociopolitical issues for which it is arguably responsible, the cause of instability is multidimensional. Economic decision-making influences the peaks and troughs of continuous market fluctuations, where points of intersection with the social dimension are social-economic equilibria. Such a system could be rudimentarily modelled as shown in Figure 1, where social scales and economic scales shift in a disproportionate manner.



<sup>15</sup> In Selznick, P., (1957) *Leadership and Administration*, California University Press.

<sup>16</sup> Krygier, M., (2012), *Philip Selznick: Ideals in the World*, Stanford Scholarship Online: June 2013. <http://stanford.universitypressscholarship.com/view/10.11126/stanford/9780804744751.001.0001/upso-9780804744751>

<sup>17</sup> In concurrence with Morçol (2014), I will refrain from the overused term “complex adaptive system” (CAS). Any adaptivity at a systems level will necessarily imply complexity, while using the CAS term erroneously implies that “simple adaptive systems” exist.

Such a representation well-encapsulates the nuanced point to be made about market fluctuations and the social-value disconnection of economics in relation to some dynamic social substrate (the *social continuum*). In effect, it can be theorised that general market fluctuations have generally been poorly correlated to socioeconomic realities, particularly in the occurrence, and lasting effects, of “Boom-and-Bust” economic cycles, or non-vernacularly, *self-reinforcing asset-price changes*. Such a simple dynamic model could certainly be applied to an analysis of the excessive lending that took place up to the 2007/8 financial crisis. The state of the financial market prior to the crash was entirely divorced from the ability of the recipient consumers to pay them back, and such risk was tied to high-value assets such as property. This was behaviour in keeping with the peak-curve market, where the market was inflated far beyond what it was truly worth to creditors. The result of such activity was a dramatic market contraction, resulting in an implosion of the lenders responsible, crippling the sector. In response, lending became far lower than what was socially optimal (into the trough), if it were to be assumed that the *social continuum* measure incorporated a sustainable lending value that corresponded to fundamental truths about the social state-of-affairs and borrowing/consumer-choice behaviour.<sup>18</sup>

Zooming in on the *social continuum* multivariable, enrichment is reasonable, in theory, to increasing levels of social complexity: prevailing cultural influences on sociopolitical and socio-legal expectations, willingness to bear free-market risk, averaged consumer behaviour, et cetera. This is all in keeping with Selznick’s open-ended view of deep sociological flux and unpredictability. By virtue of the necessarily complex multivariate nature of this substrate, it is not possible for equilibria to occur across all dynamic social variables. Indeed, such intersections may occur at different scales and at different times: it is assumed, rather crudely, that social variables neatly correlate, whereas in reality there may be a great deal of volatility across a given set of operationalised measures. Nonetheless, returning to the issues surrounding globalised economies, and increasing regionalisation, the presentation of this dynamic continuum is useful as a basis for integrative perspectives; in considering whether some economies are more mutually compatible than others in the context of specific measures. For the technology issues between China and the US, as mentioned in the introductory remarks, the disparity between the jurisprudence on internet use of the respective countries can be seen to cause something of a dramatic reduction in economic links. The limited integration of markets is, in such a way, linked directly to the difference between both *social continua*, the lines of which might be strongly influenced by such values as in Figure 2 — particularly in the context of liberalism.

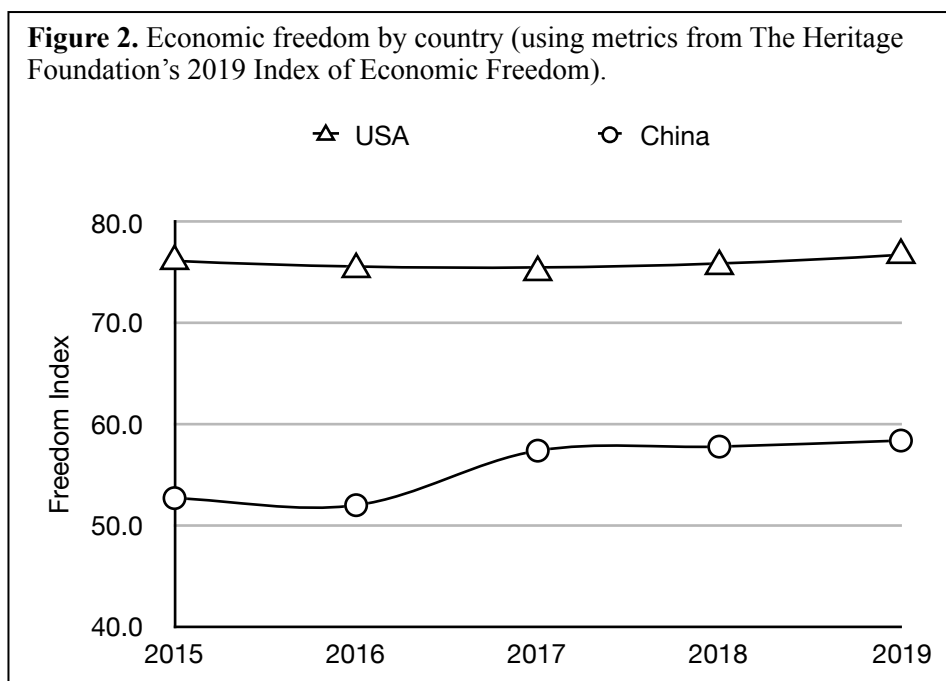
Considering the technology market is useful for discerning the differences between markets relative to their nature and growth rates, and where a multitude of internal and external factors can affect volatility, independent of the social variables. Technology has developed extremely rapidly, such that socio-legal systems are unable to respond quickly enough. This has been seen in many 2018 instances, from the Zuckerberg Congressional Hearings in the US, to the rapid adoption of data protection laws in Europe, to the regulatory

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<sup>18</sup> This might appear a convenient assumption, given social complexity and varying consumer behaviour. Nonetheless, work in behavioural finance\* and social financialisation\*\* has begun to provide a number of important insights into borrowing psychologies and choice tendencies.

\*Avgouleas, E 2009, *The Global Financial Crisis, Behavioural Finance and Financial Regulation: In Search of a New Orthodoxy*, Journal of Corporate Law Studies, vol. 9, no. 1, pp. 23-59.

\*\*Fligstein, N., & Goldstein, A., (2015). *The emergence of a finance culture in American households, 1989-2007*. Socio-Economic Review. 13. 10.1093/ser/mwu035.



response to Bitcoin and other cryptocurrencies in various countries. All this has occurred many years after the advent and initial growth of the technologies responsible (social media, data markets, and cryptoeconomics respectively). What can be intuitively theorised is that free market activity, moving irrespective of social thresholds and fundamental dynamics, is destined to generate social costs under this model, which the law is simply not dynamic enough to guard against. ‘Culture is vulnerable wherever technology is free to follow its own logic, unrestrained by the human need for activities that are ends as well as means.’<sup>19</sup> Therefore, it is reasonable to hold that the relevant question is not whether liberalism should be constrained, but rather how to guarantee free economic agency while reducing the risk of economic-social divergence. In effect, economic growth should be far more closely correlated to the social continuum, i.e. a flatter line. For the presented model, it is perhaps useful to approach the systems-thinking from a fundamental physics perspective: much like a wave, how do we reduce the frequency of peaks-and-troughs toward some equilibrium? The reasonable answer is to limit the energy of the system, such that both the magnitude (i.e. rate of growth oscillation) and the frequency (i.e. volatility over time) are reduced. Furthermore, by the Second Law of Thermodynamics, the more isolated a system, the lower the entropy. It would seem logical, therefore, to judge that reducing the extensive property of an economy would lower the entropy, thus reducing losses (captured by the magnitude).

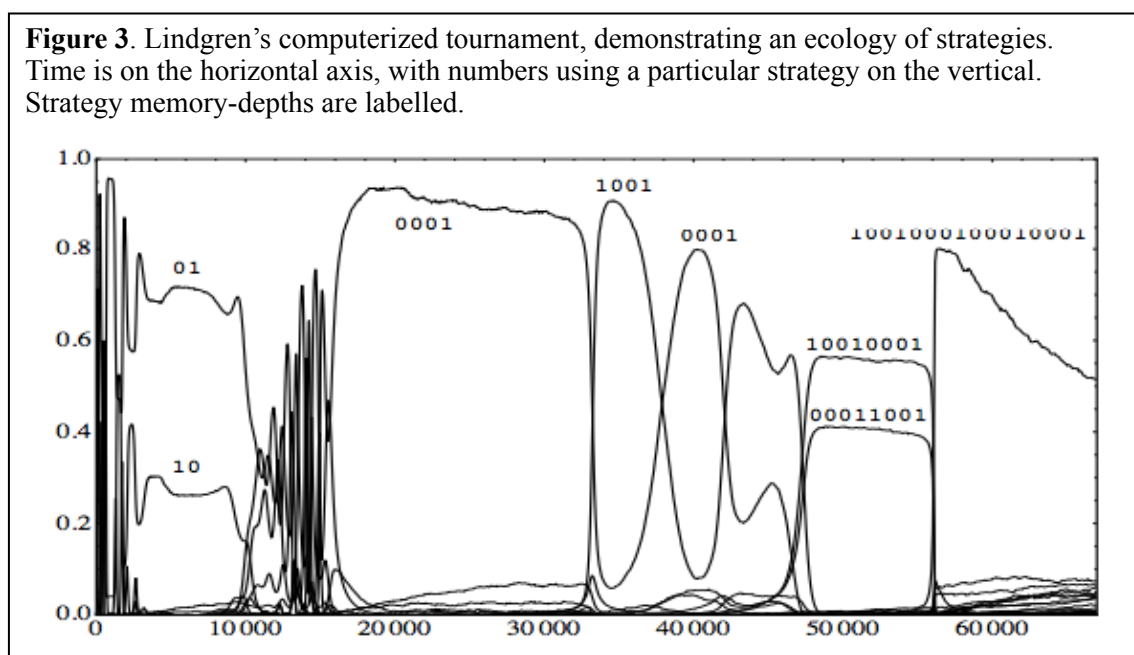
In the real world, this can be achieved through limiting the market ecology to lower uncertainty, and resulting systemic risk, by law of large numbers. This idea is not new: post-crisis break ups of banks has, as a phenomenon, indicated the foolhardiness of the “Too Big To Fail” mantra for perspectives on financial services — that has arguably been the cause of global financial stumbles from the 1930s to the 2000s. The Dodd-Frank Act 2010 imposed risk-taking controls and disincentives for loose creditors post-2008 crisis, serving to *limit* the number of finance strategies that were too divergent from the social dimension. Following the regulatory logic then, economies with smaller financial market ecologies will have greater

<sup>19</sup> Selznick, P., (1992) *The Moral Commonwealth*, University of California Press, p.7

likelihood of stability. W. Brian Arthur puts it well in reference to the agent-based strategy games that constitute the financial markets.

The stock price forms from their bids and offers, and thus ultimately from agents' forecasts. Our market becomes an ecology of forecasting methods that either succeed or are winnowed out, an ecology that perpetually changes as this happens. And we see several phenomena, chief among them, spontaneous bubbles and crashes.<sup>20</sup>

If one were to zoom in on the *market growth rate* variable in Figure 1, it is reasonable to suggest that it would resemble a far more complex Figure 3;<sup>21</sup> composed of a mixture of stochastic differential equations, representing a partially causal agent-based ecology for economic fluctuations.



Under this model, the fewer strategies played (as methods), the smoother the ecology over time. In terms of the economy at large, preventing the ability for universal participation in markets could be seen as a dramatic curtailing of freedom, not to mention the reduced incentives for innovation and job creation, given the costliness of limiting scaled economies.<sup>22</sup> Thus it is clear that care must be taken, and costs set against wider social benefit and options. Indeed, the enact and repeal cycles between Democratic and Republican administrations of financial regulation in the US — perhaps something of a political Boom-and-Bust cycle all of its own — is symptomatic of a deeper issue of oversimplifying arguments over economic freedom. It can be argued that there is deeper moral argument about not just maximal absolute freedom, but qualitatively optimal freedom in the classical liberal sense where consumer choice, basic standards of financial security, and anti-

<sup>20</sup> *Complexity economics: a different framework for economic thought* (2013), p.10, from *Complexity and the Economy*, W. Brian Arthur, Oxford University Press, 2014.

<sup>21</sup> *Ibid.* (Figure 1 in original paper)

<sup>22</sup> Wheelock, D. C., (2012) *Too Big To Fail: The Pros and Cons of Breaking Up Big Banks*, Federal Reserve Bank of St Louis, USA. <https://www.stlouisfed.org/publications/regional-economist/october-2012/too-big-to-fail-the-pros-and-cons-of-breaking-up-big-banks>



monopoly, all have their place in the discourse since Adam Smith (1759, 1776). There is space, pragmatically, for exploring scale-limiting options for market health.<sup>23</sup>

This is demonstrable in real-world volatility phenomenon, seen most recently in the cryptocurrency markets. The benefits of decentralised eco-systems are compromised by unfettered public access; anyone can buy, hold, or sell any asset, thereby generating immense volatility given the value of current circulation. The result is that cryptocurrencies are unviable for holding capital for any extended length of time, and “stablecoins” have been created that are tied to the value fiat currencies, negating the decentralisation ethic. Bitcoin was initially created as a response to the 2008 banking fallout, and as a derision of fractional reserve banking, with the genesis block reading ‘The Times 03/Jan/2009 Chancellor on brink of second bailout for banks’.<sup>24</sup> The tragic irony is that the idealism — of combining decentralised computational minting and banking with the complex system that is the world’s combined human economic agency — has generated a far more volatile Boom-and-Bust climate than is observed in fiat, even given the faults of the traditional financial sector. It becomes clear that we are still approaching the question of free markets from the wrong angle: what is required is a deep, complex acknowledgement of the social dimensions for why volatility occurs, how they affect people, and what can be done to limit risk and foster meaningful economic engagement. A deep ecology of markets/economic life will thus incorporate the moral foundations of *eunomia*, bringing things back to the earthly realities of capital.<sup>25</sup>

### **III. Sustainable institutions**

Beyond the detangling of political theoretic terms then, the universal minimalist project seeks to make manageable the difficulties of world economy. As identified in the aforementioned model, the greater the magnitude of the economy, the more uncertain it has the potential to be, and therefore the more complexity-based risk it has by virtue of human behaviour. However, regardless of scale, the world is still comprised of great complexity, which can be both the cause of, and the solution to, major challenges facing sustainable human systems. There then becomes something of an epistemic paradox of management: complexity is needed to understand, frame, and tackle threats to the sustainability of systems, but social systems create emergent effects that have unpredictable influences on every variable in human organisation. To bring about self-sustaining systems, appropriate institutions are needed to complement, and add value to, liberal theory.<sup>26</sup>

The central tenets of E.F. Schumacher’s theory, relating to both excesses of scale and consumption, have been influential in large part due to his foresight in addressing the reality of the sustainability challenges to ecological economics — now at the forefront of today’s

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<sup>23</sup> The context of China, again, is relevant here: cryptocurrencies have been banned in Chinese jurisdiction, precisely *because* of the chaotic nature of the cryptoeconomy. There is no way for Chinese centralised institutions to direct the market, as they do with the national economy. This is consistent with China as the modern-day epitome of Big Government, and low economic freedom.

<sup>24</sup> Pagliery, Jose (2014). *Bitcoin: And the Future of Money*. Triumph Books

<sup>25</sup> *Eunomia*: the virtue of good governance (from the Classical Greek)

<sup>26</sup> Institutions are defined here in the social theoretic sense, as a set of rules that are adhered to for normative, cognitive or material reasons.

policy awareness (though perhaps not yet the agendas).<sup>27</sup> The ecological and cultural context of Schumacher's presentation was original, but scales of governance are not at all novel to social and political science.<sup>28</sup> As such, in rather traditional communitarian fashion, he explicitly suggests the need for a reformulation of human economic agency toward a sense of communal duty. With regard to a "means and ends" approach that has already been highlighted herein through a Selznickian view of socialism, Schumacher's central integration of Buddhist Economics raises the question of what relative influence such a proscriptive system might have on administrative ideology, even considering the basic moral precepts of Buddhism. Viewed through a Selznickian lens, it is doubtful that the effects would be comparable to socialism, where historical materialism is substituted for spirituality. The nature of this communitarianism, nonetheless, certainly seeks alternative economy, or heterodox economic theory, to substitute the world-capitalistic spirits that constitute something of a materialist *Gesellschaft*.

In finding a place for a stubborn liberalism in this, the challenge becomes the defining of an appropriate institutions of social responsibility, that can encapsulate free human agency. This is more difficult than simply presenting a philosophy of life that expounds virtues of peace, compassion, and interconnectedness, though this is attractive in theory. Rather, a fundamental understanding of what drives people to work, create, and mutually interact for benefit, in an economy, is required, lest development be compromised in the name of moral culture. Liberalism offers this as its basic tenets but does not play well with spiritualism: it is grounded in earthly matters. The resulting task, therefore, must be to find a philosophy that offered a holistic epistemology to direct meaningful, responsible economic agency. A view of the world as it *is*, not what it could/should/might be, is required to ensure sufficient relevance to human need, incentive, and aspiration. One might simply ask why an "enlightened" economics is not sufficient for a contented life. The answer is found in the reality of worldly improvements that can be achieved through innovation, problem-solving, building, and trading, which are not relevant to a given mysticism. This is what Schumacher misses: in his desire to do away with the faulted spirit of human consumption, he focuses on the moral over the epistemological, and thus fails to appreciate the external consequences of an anthropology rooted in existence rather than essence. There is truth in tangibility that cannot easily be substituted out of the economic relations between man and Earth. This relates directly back to discussion of Selznick's views on socialism and goal-displacement. One quotation in particular stands out:

What we value *must be of this world* [emphasis added], able to survive in a world of other values and to function under conditions given in the situation at hand. Failing that, it can be of no use to us.<sup>29</sup>

Here, pragmatically, but in characteristic subtlety, Selznick states a number of important observations about value. It must be rooted in the world and therefore encountered as a feature of phenomena. In doing so, it is one part of a larger whole that provides the

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<sup>27</sup> Schumacher, E.F., (1973) *Small is Beautiful*. Harper Perennial Modern Thought 2010

<sup>28</sup> The origin of politics itself originates from the *polity* (Ancient Greek city-state), in discussions of *eumonia*. With regard to optimal organisational scale, the etymological irony of phrases like "international politics", or "global policy" should be acknowledged.

<sup>29</sup> Selznick, P., (1950) *The Iron Law of Bureaucracy*, University of California, p.162.

parameters and relativity to give it value, in a network of things-in-the-world. Such value is also linked to its utility, in that it must have relevance to the “situation at hand” i.e. the real-world state of affairs. As such, there must be a deeply integrated epistemology in play that does not seek to direct intentionality, but rather act as a holistic, sensational frame of reference for all human activity.

With regard to scale then, the essence of space has a moral dimension when it is integrated with a consistent appreciation of wider social and natural contexts. There is thus a great viability to the Spinozan approach in transcending universal materialism, and approaching the essence of things, as opposed to appeals to mysticism. Potentiality is central to the value of this distinction, given that it does not give way to assumed contingent truths about the worldly state of affairs, but rather presents an intrinsic necessity about universal natural flux. In this manner, there is a way to acknowledge the complex system of which the individual is a part, while reducing the risk of being overwhelmed by it — the world becomes manageable, by both physical and moral dimensions. However, for Spinoza this awareness is sourced from an understanding of his version of God; universal potentialities that constitute nature’s framework. What leads from this knowledge is a redirection, or optimisation, of egoism, such that what the individual seeks is in harmony with universal moral truths.

We do not have an absolute power to adapt things outside us to our use. Nevertheless, we shall bear calmly those things that happen to us contrary to what the principle of our advantage demands, if we are conscious that we have done our duty, that the power we have could not have extended itself to the point where we could have avoided those things, and that *we are a part of the whole of nature, whose order we follow*. [emphasis added] If we understand this clearly and distinctly, that part of us which is defined by understanding, i.e., *the better part of us* [emphasis added], will be entirely satisfied with this, and will strive to persevere in that satisfaction. For insofar as we understand, we can want nothing except what is necessary, nor absolutely be satisfied with anything except what is true.<sup>30</sup>

To be rationally satisfied in this manner creates an economic paradigm that places natural limits on economic agency. Insofar as the individual’s choices correspond to God, or universal natural truth, so will individuals converge on a harmony that manifests a particular society. Such a radical epistemology is unique to Spinoza, hence his value herein: as a virtue ethicist, he points to God, and infers a dynamic humanism.<sup>31</sup> This is only coherent due to the optimistic rationalism of Spinoza; in believing *sub specie aeternitatus* to be epistemically accessible.<sup>32</sup> Simultaneously, Spinoza allows for both an understanding of the world, and also the means by which human nature is part of it. In so doing, Spinoza anticipates the age-old arguments against economic liberalism by acknowledging the weakness of egoism in guiding an economy: that humans are insufficiently rational in their behaviour, such that there can never be sufficient harmonisation. Spinoza does not dispute this, but instead posits that there is most certainly an episteme that can be known, so there is, in fact, a moral reason to strive for understanding. What follows from this is peace and happiness (or *eudaimonia*).

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<sup>30</sup> *Ethics* IV, Appendix, in Spinoza, Benedictus, *The Collected Writings of Spinoza*, 2 vols., Edwin Curley, translator (Princeton: Princeton University Press, vol. 1: 1985)

<sup>31</sup> Not, of course, to conflate humanism with what, for Spinoza, could almost be deemed an extended “pantheistic naturalism”, where agency is universalised. Somewhat in contrast to a Schopenhauerian position, the will is essentially God, no matter its source.

<sup>32</sup> The view from Spinoza that God’s essence has no relation to time and is thus necessarily eternal as a force of natural change. Flux is God, and God is Flux.

The addition of Spinozism has the potential to present a strong argument for an ethically enriched liberalism, whereby the result of full individual comprehension, which is indeed within reach, is a truer view of the world as it is. Such knowledge allows for a free utopian society of high reason. The issue remains of how best to foster cooperation in a largely irrational ecology of human relations.

We still have to learn how to live peacefully, not only with our fellow men, but also with nature, and above all, with those Higher Powers which have made nature and have made us.<sup>33</sup>

Spinoza postulated great faith in the divine essence of mankind but did not consider (for he could not have foreseen) how the scale of economies could impact their ability to function, and for republics to flourish sociopolitically. Instead, he argued veraciously for the stability that democratic constitutional monarchies could offer, in mandating healthy human relations. Schumacher and Selznick, in picking up the baton three hundred years later, returned to offer new radical political philosophies respectively. When Spinoza was responding to civil control and freedom of thought as a dark crisis of humanism, Schumacher was responding to the excesses of economic agency and lack of truly social, sustainable markets. Selznick, for his part, identified early on in his work that idealism must be tempered with a Niebuhrian acknowledgement of evil and selfishness in communities, and thus social organisations must operate in a manner that is most likely to align the individual with the social.<sup>34</sup> Careful consideration, and healthy scepticism, is of value for any human organisational design.

#### **IV. Communitarian liberalism today?**

For Selznick, modern societies were caught up in the particulars and peculiarities of organisationally and institutionally manifesting social truths in the world, and this frequently produced imperfect, messy results. As a result, in his view, a radical political philosophy was necessary that altered the rules and the dynamics of organisation. Relating back to the presented model for thinking in detail about the sociology of economies, it is important to consider some key real-world manifestations of communitarian liberalism in relation to trends in modern sociopolitical systems. This philosophy is theoretically important for development discourses, to frame policy debates on village and town-based strength to support agricultural economies and regional integrity. However, it is becoming ever-more relevant, as urbanisation increases to over 55 percent and shifts in social geography are changing the nature of community economies.<sup>35</sup> Cities, as independent human entities, are a core consideration for the modelling of theoretical concepts discussed thus far. Cities present a characteristically unique dwelling dynamic that coagulates people together to live in proximity, with dependence on certain anthropogenic spacial and service constraints and rivalries. This forms a system that is highly sensitive to risk and fluctuations in the economic and social continuums. However, they also vary in definition, by both size, complexity, topography, and topology. For the modern urban environment in particular, unlike those of

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<sup>33</sup> Schumacher, E.F., (1973) *Small is Beautiful*, Ch.1, p.9

<sup>34</sup> Reinhold Niebuhr, *Moral Man and Immoral Society* (New York: Charles Scribner's Sons, 1932), 23.

<sup>35</sup> World Bank, Urban Population figures 2019 <https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS>

old where city walls were common, there is no hard line to delineate where a city ends, where the urban turns to suburban, and where rural life begins. Additionally, the issue of defining the “community” itself is difficult but can be seen as contingent on a number of factors: community-based membership schemes, engagement in highly localised decision-making, and scaled politics.

These can be achieved with smart modulation of civil social networks that incorporate agenda-setting and audit mechanisms. Such polity engineering possibilities can be found in a diverse range of ideas on community banking, communitarian antitrust, decentralised government, and strategic spacial planning. The notion of community banking supported by Cooperative Credit Unions strengthen circular economies without partaking in speculative secondary markets (e.g. Independent Monetary Alliance UK). This creates natural monetary boundaries, where credit is restricted by proof of residency, and holds value only in the local jurisdiction. The reduction in financial fungibility is as much a socio-regulatory outcomes as a fiscally radical one, if seen through a Selznickian lens: the value of money itself is limited by virtue of its ties to community-based free markets. The implications of such financial systems are substantively postmodern: for example, generating regional circular economies that are isolated from wider risk while providing a healthy circulation of non-inflationary capital. Importantly, for current affairs, it could also restrict what could be termed a micro-colonialism of urban environments, where the property market is claimed by outside forces, permanently changing both local markets and topology.<sup>36</sup> With scaled antitrust, businesses may be restricted from gaining monopolies in localised markets, as well as expanding membership and operations too excessively into a certain regional market. This could vary by company type and the size of the regional economy, so does not imply a tyrannical leveraging of antitrust for loss of economic freedom. Arguably most radically, the concept of decentralised government would, in theory, allow policy-making to be confined to cities and regions, with a weak national guardian-government. Intra-nationally, this could take the form of either confederationism, federalism, or merely increased dissolution of powers, depending on the constitutional reengineering. Allowing policy to be generated at the accessible, tangible level of the local community encourages equal participation and transparency/accountability. Somewhat in tandem, strategic spacial planning is a relatively new applied mode of decision-making, and an enhancement of mere collaborative processes in liberal social politics: views of stakeholders, specialist knowledge, and wider sociocultural features allow for

A social process through which a range of people in diverse institutional relations and positions come together to design plan-making processes and develop contents and strategies for the management of spatial change. This process generates not merely formal outputs in terms of policy and project proposals, but a decision framework that may influence relevant parties in their future investment and regulation activities.<sup>37</sup>

Such an inclusive, holistic approach to the real-world impacts of policy is a powerful tool for refining policy formulation and implementation, where input comes from above and below,

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<sup>36</sup> In the spirit of Jane Jacobs’s critique of the transformation of old apartment blocks into new, characterless architectural monoliths, thus destroying the topologic identity of communities. (Jacobs, J., (1961) *The Death and Life of Great American Cities*, Random House, New York).

<sup>37</sup> P. Healey, *The treatment of space and place in the new strategic spatial planning in Europe*, International Journal of Urban and Regional Research, vol. 28, no. 1, pp. 45-67, 2004

or, even more neutrally, across and below in community-based network governance.<sup>38</sup> It could be suggested then, that in theory, combining and implementing these ideas together could systemically buttress the community to risk, through alignment across all dimensions.

The above examples are noted not in the interest of analysing them in detail, but rather to present communitarian liberalism as valuable in political theory, and as a realistic, valuable policy philosophy. With regard to these example applications, strong localised mechanisms of social, economic and political functionality does not mean that communities are excessively closed off. Indeed, a parochial society is likely to be unattractive and impractical in the modern age of interconnectedness and globalisation/post-globalisation. Rather, localised civic engagement and responsibility, in line with the philosophies posited herein, can create newly optimised forms of governance that promote liberalism by virtue of their relevance to the society itself. Purchasing power means little when your decisions have no impact on the economy in which you are partaking. Suffrage means little when decision-making is centralised, indirect, and generalised. Freedom of speech means little when your voice is not heard individually but merely comprises a statistic. Maximally encouraging liberalism at the lowest scales adds great stability and strength to any activity that takes place beyond such a scale — as they surely must in an age of interconnectivity and globalised relations (even if the growth of such is slowing down). Strong, open communitarian institutions, in which relevant ethical philosophies are enshrined by people themselves, offer new options for economic and social security in the free world, where the means to an end are community-based, and thus tangibly meaningful.

### **Concluding remarks**

In the present exploration and extrapolation of communitarian liberalism as a position, it is clear that it seeks to reap the best of both worlds, with small-scale social ideals combining with freedom ideals. From the outset, this may seem contradictory and unrealistic. However, drawing in further detail for the philosophical foundations, by utilising a three-pronged approach — of Selznick's complex originality, Schumacher's radical criticism, and Spinoza's unique approach to nature — it is clear that such a radical view, of what is required for society to realistically function to the best of its ability, is economically and ethically coherent, with great relevance to our most pertinent social, economic and political issues of the present day. Indeed, distributed technologies and applied governance philosophies can be seen to leaning toward a communitarian social politics in their design. What is left to do is to recognise the ethical and institutional requirements for such a system to be viable. The core question, of whether human nature tends toward self-fulfilment over reciprocity, resides at the heart of Spinozist, Schumacherian, and Selznickian ethics. It can only be answered by a realistic idealism that is tempered and enriched by all three of these theorists, in tandem with modern approaches to governance. Otherwise, the institutions are too abstract, lacking sophistication to cope with the world of free human wills and whims. Conceiving of system complexity in a manageable form, as has been attempted in part II of this work, and then henceforth with regard to complex social and ethical dimensions, allows for constructive, coherent systems-thinking. In this context, communitarian liberalism is strong in its holistic logic, and deserves further exploration across issues: there are a number of topics raised in

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<sup>38</sup> Barbosa, A. C., Oliveira, T. A., & Coelho, V. N. (2018). *Cryptocurrencies for Smart Territories: an exploratory study*. 2018 International Joint Conference on Neural Networks (IJCNN)

discussion, from new economics to radical political reform. Future work can tackle the details of these topics, while continuing the Selznickian legacy in making the measured case for communitarian liberalism. Such endeavours in political science and theory are of great pragmatic significance to modern (and perhaps postmodern) policy thinking, in the context of technology outpacing, runaway economics and finance, and an increasingly interconnected world.