

# **Economics, Sociology, and the “Professional Complex”**

## ***Talcott Parsons and the Critique of Orthodox Economics***

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ABSTRACT. This article discusses the relationship between economics and sociology in the context of Parsons's analytical theory of action and systems and his criticisms of orthodox and institutional economics. The article also addresses his view of the importance of the professions to an understanding of the nature of advanced capitalism. The professions are discussed as both an illustration of his theoretical argument and a substantive problem that stimulated the development of his theory. The “professional complex” is an emergent phenomenon in capitalism that modifies its operation and points to the complexity of systems of social action that require to be analyzed without being reduced to one of their elements. This reductionism is evident in orthodox economic theory and also in the more sociologically-oriented approach of institutional economics. Parsons argues that each is a form of what, following Whitehead, he calls the “fallacy of misplaced concreteness.” Although Parsons offers a significant critique of dominant approaches in economics, major flaws within his own theory create the appearance that he has simply carried over the deficiencies of orthodox theory into his own general statement of theory. These flaws contribute to major misunderstandings of Parsons's project and, therefore, indicate continuing problems in the relation between economics and sociology.

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A number of recent commentaries point to a renewed interest in the relationship between economics and sociology (Swedberg 1991; Smelser and Swedberg 1994). What is also evident is that this relationship is uneasy and, seemingly, contradictory. Economists, for example, have shown an interest in applying economic models to phenomena more usually addressed by sociologists, such as the family, crime and deviance, and the like. This has extended to the application of economic analysis to what might be regarded as the quintessential object of sociology, institutions, and the elaboration of a “new” institutional economics on neoclassical foundations (Williamson 1981). At the same time, some sociologists and economists have sought to unify economics and sociology within a single framework of rational choice (Hirshleifer 1985; Coleman 1990). Other sociologists have returned the favor, arguing that the quintessential object of economics—exchange—should be approached from a sociological perspective, emphasizing its character as an institution (Granovetter 1985, 1990). Here sociologists have found an alliance with “heterodox” economists—for example, contemporary advocates of “old” institutional economics, radical economists, and Marxist economists—to challenge the utilitarian assumptions of the neoclassical framework and to argue for a “new” economic sociology (Swedberg and Granovetter 1992; Ingham 1996).

It is evident that economics and sociology are not neatly distinguished, with some sociologists accepting assumptions that are strongly associated with economics and, vice versa, with heterodox economists accepting what are often regarded as sociological assumptions. Nonetheless, there seems to be an underlying division, and it is one that is frequently used to characterize the two disciplines. Baron and Hannan, for example, comment that:

Economics, at least in its neoclassical micro variants, relies on a highly simplified model of individual action (rational choice) and a simple mechanism (market equilibrium) to aggregate individual actions to derive system-level implications. Most sociology uses complicated models of individual behavior (including effects of values, prior experience, commitments, location in social networks and context), and complicated mechanisms to aggregate interests and actions. (1994: 1114)

*Economics*, then, utilizes a simple model that claims general relevance, while *sociology* tends to be particularistic and descriptive.

I do not wish to go into all the nuances associated with this distinction, except to say that it also gives rise to confusion over terms. For example, from the perspective of economics, sociology is often argued to be “not theoretical” and to be “empiricist,” while sociologists typically vehemently deny that charge and accuse the former of “positivism.” These misunderstandings, or ways of talking past each other, have characterized debates across the years, going back to the 19<sup>th</sup>-century *Methodenstreit* between proponents of the general theory in economics and the German historical school; they have determined the reception of Parsons’s critique of orthodox economics; and they continue into the present.<sup>1</sup>

In this article, I will address these issues of the theoretical form of economics and sociology in discussion of the work of Talcott Parsons. I shall suggest that his arguments remain significant, but are also frequently misunderstood. For example, some advocates of the “new” economic sociology have argued that Parsons contributed to the dominance of orthodox economics by his acceptance of its categories and his rejection of “old” institutional economics (Camic 1992; Swedberg and Granovetter 1992; Velthuis 1999; Hodgson 2001). For Swedberg and Granovetter, and for Velthuis, this reinforced disciplinary boundaries between sociology and economics and set back the cause of a proper sociology of economic phenomena (see also Brick 2005). In contrast, Gould (taking issue with Camic 1989) argues for the contemporary relevance of Parsons’s early writings precisely because he believes that Parsons provided an effective critique of orthodox economic categories, writing:

in our current situation, where economists are seeking to apply utilitarian models to everything . . . where utilitarian rational-choice models seem once again to be making inroads into the heart of sociology and where methodological empiricism is stronger than ever, it is well to read Parsons’s fifty-year-old demolition of those very same points of view. (1989: 649; see also Alexander 1984)<sup>2</sup>

What is it that can make sense of these contrasting views? I shall argue that Parsons’s critique of orthodox and institutional economics

is intimately associated with his claims for his *action frame of reference* as a means of overcoming and synthesizing dualisms in the epistemological foundations of social science (Adriaansens 1979), including those indicated by the division between sociology and economics. Indeed, his early characterization of the problem is very similar to that of Baron and Hannan, with several important qualifications. He accepts that when sociological elements are introduced in the application of economic theory to concrete reality, this is frequently done in an empiricist way (Parsons [1935] 1991: 186). Moreover, when this is combined with an emphasis on the “unreality” of economic assumptions, this tends to the radical and dismissive critique of economic orthodoxy that is found in institutional economics (perhaps especially Veblen).<sup>3</sup> However, he also argues that a similar empiricism characterizes orthodox economics itself insofar as it is held that “the principles of economic theory . . . are directly, without essential qualifications for other factors, applicable to concrete ‘economic activities,’ to ‘business’” ([1935] 1991: 186). For Parsons, what is necessary is for the sociological “factors” to be theorized with an equivalent rigor to those of economics. It is only when this is done that an analytical theory that incorporates all relevant factors can be applied to concrete circumstances without an empiricist confusion of analytical factors with corresponding concrete domains, or what he calls “the fallacy of misplaced concreteness.” The concrete domain of the “economy” is no less subject to the operation of sociological factors, but the latter need to be stated within an abstract social science comparable to orthodox economics (once it, for its part, is properly understood outside the constraints of a positivist epistemology).

In this way, Parsons sought to retain some of the *substantive* insights of the institutional critique of orthodox economics, while providing a theoretical framework that would transcend the limits both of orthodox economics *and* the institutionalist critique. At the same time, this framework was to secure the professional status of sociology in its relation to economics and other disciplines. Central to this ambition is the problem of a proper understanding of the institutionalization of activities (including economic activities), for which the role of the professions represents a test case.

If I disagree with some part of the interpretation put forward by commentators like Camic and Granovetter, I have considerable sympathy with their conclusion. As I shall show in a subsequent section of the article, Parsons's theory does contain serious flaws, and these flaws allow the impression that he has simply carried over the deficiencies that sociologists typically associate with neoclassical economics into his general theory (for example, by transposing the economist's concern with market equilibrium to the wider social system itself, and in his evident difficulties in providing an empirical reference for his theory).<sup>4</sup> However, this was not his initial intention, and any understanding of the current problems facing "economic sociology" requires a proper appreciation of how Parsons's critique of orthodox economics was integral to his argument for an action frame of reference.<sup>5</sup>

I

**The "Professional Complex"**

FOR CAMIC AND OTHERS (Camic 1992; Wearne 1989; Granovetter 1990; Velthuis 1999; Brick 2005), Parsons was seen as initially sympathetic to institutional economics but later rejecting it. Part of their explanation of why Parsons turned away from institutional economics is to do with his appointment at Harvard in 1927 and the lower status accorded to sociology when compared with economics.<sup>6</sup> This had both a particular expression, in the dominance of orthodox economics within Harvard itself (compared with Parsons's alma mater Amherst, where he had imbibed institutional economics), as well as a general expression. Institutional economics was on the wane (Yonay 1998), and sociology itself was experiencing greater problems of public acceptance than economics (evidenced by much later acceptance into university teaching and research arrangements). To some degree, being seen to be closer to the accepted form of science was to have greater status, and the emulation of economics was a potential route to the successful institutionalization of sociology, as well as serving Parsons in terms of his personal career.

However, there is no reason to believe that Parsons's reasons were simply self-serving, as Hodgson (2001) suggests. As we shall see, as

benefits someone who was concerned with the integration of self-interest and altruism (and their explanation in terms of “social structure”), rather than their expression as opposites, Parsons had clearly articulated reasons for this shift. If Parsons turned away from institutional economics in particular (Camic 1992; Velthuis 1999), and economics in general (Brick 2005), at least in his own mind, it was because he had transcended the limits of orthodox economics in his general frame of reference, the further elaboration of which was the primary focus of his attention after the writing of *The Structure of Social Action*. Moreover, he regarded its sociological aspect not to be in direct opposition to institutional economics, but to be its more adequate successor (in the sense of providing a better theoretical account of the very processes of the institutionalization of activities, including those deemed to be “economic”).

Parsons's concern with the professions (including the profession of sociology) coincides with his engagement with the problem of the relation between economics and sociology.<sup>7</sup> Two general themes emerge: first, concerning how capitalism is to be characterized and the importance of an understanding of the professions in reframing the standard characterization; second, concerning changes in the complexity of the institutional evolution of capitalism as the context for the emergence of sociology as a discipline.

In his earliest article on the professions, Parsons argues that capitalism is frequently associated with the rise of “free enterprise” and associated motives of acquisitiveness and self-interest. “By contrast with business in this interpretation,” Parsons writes, “the professions are marked by ‘disinterestedness’” ([1939] 1954: 35). Although the business economy received greater empirical emphasis, Parsons believes that the professions are equally significant. Thus, Parsons writes that “it seems evident that many of the most important features of our society are to a considerable extent dependent on the smooth functioning of the professions. Both the pursuit and the application of liberal learning are predominantly carried out in a professional context” ([1939] 1954: 34).

Nonetheless, the general dominance attributed to pecuniary motives within the modern capitalist economy creates an apparent tension where any social structures organized in terms of professional

disinterestedness are either thought to be *really* determined by the operation of self-interest, or where those distinctive structures are held to be becoming increasingly commercialized so that they are likely to disappear (Parsons [1939] 1954).<sup>8</sup> In contrast, Parsons writes that “the fact that the professions have reached a uniquely high level of development in *the same society* which is also characterized by a business economy suggests that the contrast which has been mainly stated in terms of the problem of self-interest, is not the whole story” ([1939] 1954: 36).

According to Parsons, the professions exhibit a particular kind of authority, one based not on social status, but on a functionally specific technical competence. The advice offered by a professional has the form of a “command” in the sense that the professional person’s expertise entails knowing the best interests of the client. This technical competence is based upon general university learning and is associated with universalistic values. Despite a profession’s monopoly of expertise, Parsons suggests that the corporate form of professional organization provided an ethical self-regulation of relations with clients such that any apparent monopoly operates in the general public interest, rather than in the private interest of professionals themselves.

Although Parsons’s argument was directed at one strand in the institutionalist critique of capitalism, which emphasized the dominance of pecuniary motives over other motives, including those of the professions (see, for example, Veblen 1904), his purpose was to uphold another institutionalist point. This is that the seemingly radical difference (when considered empirically) between business motives and professional motives is to do with different social structures; that is, it is “situational” rather than “motivational.” Parsons writes: “the difference is not so great as our predominantly economic and utilitarian orientation of thought would lead us to believe. Perhaps even it is not mainly a difference of typical motive at all, but one of different situations in which much the same commonly human motives operate. Perhaps the acquisitiveness of modern business is institutional rather than motivational” ([1939] 1954: 36).<sup>9</sup>

In this way, Parsons is just as concerned to criticize any simple association of the professions with “altruistic” motives. The

*individual* medical practitioner may be no less self-interested than someone engaged in business. In this situation, a practitioner may have an “interest” in offering unnecessary services, but he or she must accommodate the existence of professional ethics that rule against it. This is not to say that the individual practitioner does not act on the basis of his or her “interest,” but that interest now has to include the calculation of the consequences of any ethical breaches. Insofar as professional ethics are institutionalized, they are significant factors in the definition of the situation of acting.<sup>10</sup> Moreover, Parsons suggests that it is not simply that professional ethics serve to protect against the operation of the “profit motive.” The nature of the “profit motive” itself is a product of social structure, and social structure has to be understood in sociological as well as economic terms. At least part of the reason why professional ethics can serve practitioner-client relations is because there is not the strong tension between professional practice and the business activities that otherwise predominate in the economy.

Parsons’s point is one concerning the *social structural* governance of activities, and he makes the further claim that the “universalism” predominant in professional activities comes to extend to other spheres: “the role of universalism is by no means confined to the professions. It is equally important to the patterns governing contractual relationships, for instance in the standards of common honesty, and to administrative office” ([1939] 1954: 42). In other words, “business enterprise”—what is often regarded as the concrete object to which the principles of economic theory can be directly applied—also requires to be understood in terms of the operation of sociological factors. The functional specificity of the professional role and its special “authority” also applies to administrative office and the authority of commands within any hierarchy, including that of the modern corporation. As Parsons puts it, “the concentration of much of our social theory on the problem of self-interest has served to obscure the importance of functional specificity, an institutional feature common to the professional and commercial spheres” ([1939] 1954: 40).

This point is reinforced by the recognition that the sharp “empirical” differentiation between business motives and professional



motives recedes with the increasing complexity of the modern economic system and its occupational order. The “firm” no longer corresponds to that which was analyzed by Marx, for example, or by other classical political economists (and by extension, orthodox economists as well, though there are suggestions in Marshall that go beyond the standard approach).<sup>11</sup> It is increasingly complex and, while that complexity might seem to indicate a greater concentration of economic power, that assumption reflects a form of sociological empiricism (Parsons [1935] 1991). The growth of the large-scale corporation, for Parsons, is predicated upon a differentiation of functions of ownership and managerial control, where managers increasingly take on a professional ethos and direct companies toward longer term and more socially diffuse goals (Parsons [1949] 1954; see also Parsons and Smelser 1956).<sup>12</sup>

It seems clear, then, that from his early essays onward Parsons is concerned with understanding the “economy” as more than the aggregate of self-interested exchanges among individual actors (and, as I have emphasized, he is concerned with seeing “self-interest,” itself, as socially complex). The latter conception he regarded as typical of expression of utilitarian thinking, which he understood to be empiricist in character; that is, it confused the economic factor as a dimension of activities with concrete “economic” actions as such. At the same time, he also understood the dominance of utilitarian accounts in sociological terms, that is, in terms of the evolution of the institutional structures of capitalism. Disciplines such as economics and psychology had come to the fore during the period of early and developing capitalism when the elision between principles of economic theory and their concrete application was easier to make (and, consequently, a direct association could be sought between economic motivations and their psychological grounding, for example, in a “hedonistic” principle).

Parsons’s account in *The Structure of Social Action* of the “1890–1920 generation” as a transitional generation presaging a synthesis that would be the basis of future scientific endeavors, then, was also underpinned by a sociological analysis of the changing social context for sociology itself. It was a transitional generation in part because it was located in a transition in the institutional development

of capitalism. The particular authors were selected because they bore upon the relation between sociology and economics that was crucial to the emerging discipline and what Parsons saw as its necessary formation. This was how Parsons sought to define his own role, unifying sociology and economics within the categories of a general theory in order to provide a secure basis for the discipline in its coming of age.

It was not so much concern to be associated with the higher status of orthodox economics that drove Parsons forward as his concern to establish the scientific foundations of sociology.<sup>13</sup> In the course of doing so, however, from his own perspective, he must settle the relationships between economics and sociology and between analytical categories and their empirical referents, which in turn led him to revise the methodological and epistemological assumptions of the orthodox framework. It should be clear, then, that Parsons did not so much “turn away” from economics as produce an analysis that explains why an institutional analysis—based, as we shall see, on what Parsons ([1935] 1991) calls an “analytical factor” view—must replace the standard, utilitarian account. This institutional analysis is wide in scope and would be illustrated in a range of phenomena (other than the professions) to which Parsons also turned his attention, phenomena such as social stratification, gender and generation, the nature of fascism, the family, and the relation between psychoanalysis and sociology. Nonetheless, this analysis is held by Parsons to be equally applicable to “economic phenomena” and, in its crucial character, derives from his engagement with the problem of understanding economic phenomena.

Parsons’s critique of the empiricist interpretation of orthodox economic analysis is no less radical than that of the institutionalists. However, sociology does not displace orthodox economics, as is implied by Veblen (Parsons [1935] 1991: 198). Rather, it is to be understood on a par with economics, when each is properly understood as providing the elucidation of a “factor” (or set of factors) within an integrated *analytical* factor view of the organization of disciplines. If Parsons’s critique of orthodox economics is also combined with a less radical social critique than is found among the more radical institutionalists, it is partly because Parsons believed that they had failed to

follow through the implications of a thoroughgoing analytical account of action (and, paradoxically, had overestimated the dominance of the commercial interests that they decried).<sup>14</sup>

## II

### The “Analytic Factor View”:

#### A General Framework for Economics and Sociology?

THE MAIN WORK in which Parsons addressed the requirement of a general framework of analytical categories as the necessary foundation of social scientific inquiries is *The Structure of Social Action* (1937) (*TSofSA*). An early indication of that scheme and its direct application to the problem of economics, however, is also to be found in his earlier article on “Sociological Elements in Economic Thought” (Parsons [1935] 1991). Although the scheme of categories goes through several later modifications, it is my contention that its general features remain fundamentally unchanged in these elaborations (see Holmwood 1996).

Parsons begins *TSofSA* with a characterization of systems of scientific (including social scientific) theory and their associated criteria of validity. Crucial to his analysis is the identification of indicators of the breakdown of a theoretical system. He identifies two kinds of category relevant to the dynamic processes of theory development. These are the *positive* categories of a theoretical system and its *negative*, or *residual*, categories, writing that “a theoretical system must always involve the positive definition of certain empirically identifiable variables or other general categories” (1937: 17). By *positive* definition, he means that they have a consistent definition within a system.

However, Parsons believed that there will also emerge categories that are *negatively* defined, for example, “facts known to exist, which are even more or less adequately described, but are defined theoretically by their *failure* to fit into the positively defined categories of the system” (1937: 17). Such residual categories are of fundamental importance, and their role “may be deduced from the inherent necessity of a system to become logically closed,” insofar as “the obviously unattainable, but asymptotically approached goal of the development of scientific theory . . . is the elimination of all residual categories from

science in favor of positively defined empirically verifiable concepts” (1937: 19). According to Parsons, this process of “elimination” is not a matter of simple addition: “theoretical systems change. There is not merely a quantitative accumulation of ‘knowledge of fact,’ but a qualitative change in the structure of theoretical systems” (1937: 19). It is not simply the residual categories that are transformed by redefinition, but also the positively defined categories of previous statements as explanations are extended and new relationships postulated: “the process of the carving out of positive categories from residual categories is also a process by which the reconstruction of theoretical systems is accomplished as a result of which they may eventually be altered beyond all recognition” (1937: 19).

According to Parsons, recognition of the proper nature of theoretical systems is itself the product of a long period of scientific development, in which “the earlier phases are almost always concerned directly with the understanding of pressing concrete, though not necessarily practical, problems which are attacked in whatever way at the time promises results, without bothering very much about the exact logical nature of the procedures involved or the relation of the various approaches to each other” ([1935] 1991: 182). It is clear that Parsons believed that the social sciences were now at the point when clarity about these procedures and the relations between approaches was both possible and imperative.

Fundamental to his conception of a theoretical scheme is that it is both *selective*, in that it cannot deal with all possible problems, and that it proceeds by *abstraction*. The issue of the relation between economics and sociology will be resolved by identifying the appropriate level of abstraction and form of empirical reference. Residual categories frequently arise in relation to concrete facts, but the conversion of residual categories into positively defined categories entails their statement within an *analytical* scheme as an issue that is logically prior to any question of their empirical application. As Parsons’s treatment of the professions reveals, however, the tendency hitherto has been to regard the analytical element of economic theory as having a direct empirical reference, reducing the “self-interested” element to concrete motivation, rather than an element of a complex of interaction that includes other elements. As we have seen, Parsons

refers to this as the “fallacy of misplaced concreteness” and, as such, he argues that it derives from an inappropriate empiricist methodology. For him, it is a characteristic of the positivistic approach to action that dominates in orthodox economics.

Parsons agrees that any scheme of analytical categories for the social sciences must take as its point of reference human *action*. As a first step in clarifying his difference from the orthodox approach, Parsons identifies what he calls the “unit act” and its component elements. Parsons is clear that the “unit act” should not be understood as referring to something that exists *concretely*.<sup>15</sup> It does not have any immediate reference to the concrete individual acts of any specific person. Parsons’s aim is to identify by a process of logical abstraction the most basic elements of a wider scheme. Any issues of the concrete manifestation of action can only be addressed once that wider scheme has been fully elaborated. Its categories do not refer directly, but, ultimately, the scheme will be used to generate mechanisms with direct empirical implications; at least, that is what Parsons argues.

According to Parsons, action is a process oriented to the realization of an end. It occurs in conditional circumstances that must be calculated upon and utilized by actors in the pursuit of their ends. However, “ends” and “conditions” (including “means”) are analytically distinct categories. This claim is important because it means that action cannot be understood as an emanation of cultural values, as is the case with some forms of idealism: action is not free from determination by circumstances. Consequently, action involves “effort” to conform to norms (which govern ends and the selection of their means of realization) since it must transform circumstances and, therefore, accommodate and calculate upon conditions if it is to be successful. In addition, action, to be rational, must be adequate in terms of the knowledge necessary to the realization of ends. Thus, Parsons refers to the “intrinsic rationality of the means-end relation” in terms of the necessary role of “valid knowledge as a guide to action” (1937: 600). However, action cannot be reduced to its conditions, since an understanding of the agency of the actor and, consequently, of the subjective meaning of an action is necessary in any adequate account. With conditions and means classified as technical in substance and,

as such, external to any given actor, the “subjective,” voluntary aspect of action is associated with the actor’s capacity to form ends.

Parsons saw the problems of positivism as consisting in the problematic role of the category of “ends” within their schemes. Parsons addressed his criticism to the utilitarian conception of action in orthodox economics, where ends are “given” in the sense that how actors arrive at their preferences is not addressed, only the processes by which they are to be realized through rational choice. Parsons’s view was that to take ends as “given” is to assign them a necessary status within a scheme but to fail to account adequately for them. The implication, he suggests, is that ends vary “at random relative to the means-end relationship and its central component, the actor’s knowledge of his situation” (1937: 63). Within “positivism,” an assumption of the “randomness” of ends would also be regarded as unsatisfactory (because of its implicit indeterminacy), but the tendency is for theorists to move in the other direction to that suggested by Parsons. Thus, radical positivists attempt to deny the analytical independence of “ends,” reducing them to the “situation” of action; that is, they attempt to see action as entirely the product of determining stimuli located in the external environment. There is, then, what Parsons called a “utilitarian dilemma” within positivism where:

either the active agency of the actor in the choice of ends is an independent factor in action, and the end element must be random; or the objectionable implication of the randomness of ends is denied, but then their independence disappears and they are assimilated to the conditions of the situation, that is to elements analyzable in terms of nonsubjective categories, principally heredity and environment, in the analytical sense of biological theory. (1937: 64)<sup>16</sup>

It is easy to misunderstand Parsons’s arguments around the nature of the “unit act” to imply that what he is trying to do is to provide a legitimate domain of concern for economics, namely, the relation between means and ends, while sociology should be concerned with the category of ends. For example, Swedberg and Granovetter comment that “[Parsons] came to see sociology as focusing exclusively on the values, or ‘ends,’ in ‘means-end’ chains, with economists assigned to the task of analyzing the most efficient ways to achieve ends taken as given” (1992: 5). This is incorrect. The discussion of

“unit acts” provides only the basic elements of an analytical frame of reference and, according to Parsons, such a discussion “serves only to arrange the data in a certain order, not to subject them to the analysis necessary for their explanation” (1937: 48).

Failure to recognize this is a form of the “fallacy of misplaced concreteness,” where the unit act is regarded as having a concrete reference in terms of individual actions, rather than being conceived correctly as the means of identifying analytical elements and relations.<sup>17</sup> As such, the “unit act” has a “fictional” status because empirical reference is only achieved when analysis has gone beyond the “unit act.” Swedberg and Granovetter’s misunderstanding is also significant because Parsons’s discussion of the unit act is the heart of his critique of institutional economics for the fallacy of misplaced concreteness where orthodox economics is criticized for the lack of realism of its assumptions (see Parsons [1935] 1991: 198ff).<sup>18</sup>

According to Parsons, “explanation”—that is, *analytical realism* rather than *empiricist realism*—requires a further step in the analysis, from “unit acts” to their location within “systems” of action. This step, Parsons argues, “consists in generalising the conceptual scheme so as to bring out the *functional relations* in the facts already descriptively arranged” (1937: 49) This further generalization of the scheme will identify emergent properties of *systems* of action, that is, properties that appear in relation to any consideration of the coordination of actions and that are not reducible to analysis in terms of “unit acts” alone. Thus, Parsons writes that “action systems have properties that are emergent only on a certain level of complexity in the relations of unit acts to each other. These properties cannot be identified in any single unit act considered apart from its relation to others in the same system. *They cannot be derived by a process of direct generalization of the properties of the unit act*” (1937: 739). The concept of emergent properties, then, serves to identify the “elements of structure of a generalised system of action” (1937: 718), and these elements of *structure* are to be further analyzed in terms of their *functional relations*, that is, in terms of the logical relations established within the theoretical system.

This is what underlies Parsons’s use of an “organic” analogy, in which “the very definition of an organic whole is one within which

*the relations determine the properties of its parts.* The properties of the whole are not simply a resultant of the latter” (1937: 32). The idea of emergent properties of systems of social action is at the heart of how Parsons approached his “problem of order.”<sup>19</sup> Action occurs in systems, and these systems have an orderly character. There are two issues of “order,” or integration, identified by Parsons. These are what we can term *personal* order and *interpersonal* order. *Personal order* involves the recognition that any given act is, for the actor, one among a plurality of other chosen and possible actions with a variety of different ends in view with different requirements for their realization. *Interpersonal order* involves the recognition that actions occur in contexts that include, as Parsons put it, “a plurality of actors” (1937: 51).

The emergent properties of personal order, according to Parsons, have received more attention in social theory (in particular, in economics) than those of interpersonal order. From the point of view of the analysis of the “unit act,” any relation of conditions (including means) to the realization of a given end is a purely “technical” issue of the competent realization of the end in question. However, every action occurs in contexts produced by each individual’s past actions, which, in turn, affects the possibilities of his or her future action. Along with the requirement of a “technical” efficacy of means, there is a requirement of consistency in the relation among purposes. Actions occur in what Parsons termed “means-ends chains.” For any actor, there is a mutual dependency of acts as means and conditions of other acts. Where means are scarce relative to ends, actors will maximize outcomes by the most efficient selection of means and by placing their ends in a personal hierarchy of preferences. Actors’ ends are determined by their preferences and values, but their “cognitive” address to the means of the realization of their ends is also governed by what Parsons termed a “normative standard,” the “norm of efficiency.” Thus, one of the emergent properties of personal order is “economic rationality.”<sup>20</sup> As Parsons put it: “economic rationality is thus an emergent property of action which can be observed only when a plurality of unit acts is treated together as constituting an integrated system” (1937: 40).

However, even where Parsons is closest to the form of orthodox



economics within his own analysis of the unit act, he is already moving beyond it. For Parsons, more fundamental issues of social theory arise when systems of social action involving a *plurality* of actors are the focus of attention. These are the issues of *interpersonal* order. He offers his analysis of emergent properties in terms of the increasing complexity of systems of action. Interpersonal systems are more complex than personal systems because, analytically, they presuppose the latter. Thus, what Parsons was concerned with identifying were additional emergent properties of interpersonal order beyond but incorporating those of personal order. Such systems are *interpersonal systems of personal systems of action*. Interpersonal order concerns the coordination of systems of action where these systems include the activities of a number of actors. According to this conception, the actions of any given actor form the conditions and means of other actors in the system. Just as there is a mutual dependence of acts within the means-end chains of an actor's system of personal order, so there is a mutual dependence of acts and means-end chains among the interactions of a plurality of actors.

This analysis applies equally to the domain of activities addressed by orthodox economics, and Parsons should not be implied as arguing that the move from personal systems to interpersonal systems is equivalent to a move from economics to sociology. An example will suffice to make this point. It is not just professionals who potentially face consumers with less knowledge than they have. It is also the case for many other services. For example, when taking a car to a mechanic for servicing, the consumer is frequently dependent on the mechanic's judgment of what parts require replacement. However, insofar as the mechanic has an interest in customers returning for further services, or believes that the maintenance of a customer base is reputational, then the mechanic has an "interest" in acting in the interests of the customer. The "noncontractual" element in a contract includes longer-term relations of contracting as aspects of any specific contract thought of as an individual event. "Economic" actions are systems of "social" action.

As Parsons elaborated this general analytical theory of systems of social action, he stressed the role of a common culture, both as the source of the standards governing interaction and internalized within

personality as the basis of dispositions to act. However, he was far from arguing that the stability of systems of action depends only on the functioning of common value elements, as many of his critics suggest. Parsons's conception of normative order is more subtle than is usually allowed, and he intended it to include a treatment of issues of power. Thus, in his hierarchical presentation of "emergent properties," Parsons offered coercion as "above" economic rationality, but below "common values." He wrote: "where others are concerned coercion is a potential means to the desired control, which is not included in the economic concept as such. It also has a similar double aspect—the exercise of coercive power as a means and its acquisition as an immediate end" (1937: 239–240). However, according to Parsons, "coercive power" does not *define* the system, in the sense that the system is founded upon it. Coercive power is a relation *within* the system. Thus, Parsons wrote: "it cannot be a property of the *total* action system involving a plurality of individuals; it can only apply to some individuals or groups within a system *relative* to others. Coercion is an exercise of power over others" (1937: 740). Camic (1989), then, is wrong to imply that Parsons is overly concerned with normative constraints on action to the neglect of power. It may occupy fewer pages of his first book, but it has a very clear place within the analytical scheme.<sup>21</sup> In particular, it is identified as the domain of "theoretical political science" as an abstract social science.

The final emergent property of the total action system is the requirement that "in order that there may be a stable system of action involving a plurality of individuals there must be normative regulation of the power aspect of individuals within the system; in this sense, there must be a distributive order" (1937: 740). In other words, the distribution of resources within the system and, therefore, the actions within which those resources are produced and reproduced must be governed by some legitimating principles or norms.

Sociology as a specific systematic theoretical discipline, then, is associated with the common ultimate value element, but it should be recalled that this does not mean that the object of sociology as an empirical discipline is a domain of value-rational actions. Once again, it is the analytical scheme as a combination of factors that provides the basis of empirical reference and not any single factor taken on

its own. This is crucial to understanding the frequent observations in Parsons's early essays and in *The Structure of Social Action* that the analytical factor view must not be confused with specific domains of activity and with concrete forms of action. Thus, he writes:

human life is essentially one and no concretely possible degree of functional differentiation can destroy its unity. But although its concrete reality is a unity, it can, like all other complex phenomena, be broken down for purposes of analysis into different factors. However predominant any one of these factors may be in a particular set of concrete activities, it is never present to the complete exclusion of the others. The only way of maintaining a positive role for economic theory as a systematic generalizing science is to make it the science of *one* of those factors in concrete human action, to be sure more conspicuous in those concrete activities we call "business" than elsewhere, but neither confined to them, nor excluding others there. ([1935] 1991: 224)

His discussion of the professions was designed precisely to show the operation of the "sociological factor" conjointly with the "economic factor" (and other analytic factors) in order to provide a complex understanding of the concrete activities associated with "business."<sup>22</sup>

As Parsons developed his theory—in *The Social System* and after—he offered a distinction between different *levels* of analysis, namely, personality, social system, and culture (adding a fourth level of "organism," once the four-fold scheme of functional imperatives is fully elaborated).<sup>23</sup> Although this involves a marginal modification of the relationships among the different social sciences (which are now specified in terms of levels as well as within the level of the social system), the "analytical factor" view that underpins the earlier analysis remains unchanged. The levels correspond to the analytical distinctions made in the earlier statement of the action frame of reference (see, especially, 1951: 549–550). Thus, the level of personality corresponds to the individual actor viewed as a system. The level of culture refers to the symbols and meanings that are drawn upon by actors in the pursuit of their personal projects and their negotiation of social constraints and facilities. As Parsons argues, the three key features of the cultural system are "that culture is *transmitted*, it constitutes a heritage or a social tradition; secondly, that it is *learned*, it is not a manifestation, in particular content, of man's genetic constitution; and

third, that it is *shared*. Culture, that is, is on the one hand the product of, on the other hand a determinant of, systems of human social interaction" (1951: 15). Finally, the "social system" corresponds to that level of interaction among a "plurality of actors," which was a primary focus of the earlier work. The "social system" constitutes an institutional order of interaction; it is a structure of positions and roles organized by normed expectations and maintained by sanctions (including coercion). It is the social system that is the domain of the analytical sciences of action, namely, economics, sociology, and political science.

Parsons proposes that each of the "levels" forms a system in its own right, where the characteristics of a system are relations of logical coherence among its parts. At the same time, each system functions in relation to the other systems and interpenetrates with them. In other words, their interpenetration, or interdependence, also constitutes a "system." This is what Parsons had previously referred to as the "total action system." However, his main focus of attention remains that of the social system. Parsons (1960; Parsons and Smelser 1956) proposes four functional prerequisites, or imperatives, that are necessary to its constitution and operation. Two of the imperatives—pattern maintenance and integration—are concerned with normative issues and two—adaptation and goal attainment—are concerned with the nonnormative. Similarly, two are concerned with cultural principles—integration and goal attainment—and two with issues of integrity in a potentially hostile lower-level environment—pattern maintenance and adaptation. Together they supply the axes of the two-by-two tables that proliferate throughout Parsons's later writings. They are the coordinates of the account of "social structures" and institutionalized action that he promised in his earlier work.

It is not necessary to follow Parsons through every further specification of his scheme, where everything is divided by four and four again. The social system, for example, is further divided into subsystems defined by the priority accorded to one or other of the functional prerequisites in its organization (for example, the "economy" subsystem defined by the "adaptation" prerequisite; the "polity" subsystem defined by the "goal-attainment" prerequisite; the "societal community" subsystem defined by the "integration" prerequisite; the

“socialization” subsystem defined by the “pattern-maintenance” prerequisite), but where each is also specified by the subordinate but mutual operation of the other prerequisites.

It is clear that Parsons’s account transforms the categories of orthodox economics—at least in principle—by virtue of their location within a “holist” scheme. If this is readily apparent in the later work, it is no less the case for his earlier position. From the outset, the determining relations that analytical theory was to establish were understood by Parsons to be invariant, and the “economic factor” was subsumed within those relations. Thus, in *The Structure of Social Action*, Parsons writes that “analytical elements, once clearly defined, will be found to have certain uniform modes of relation to each other which hold independently of any one particular set of their values” (1937: 36). These “uniform modes of relation” have the status of “analytical laws” where “an analytical law . . . states a uniform mode of relationship between the values of two or more analytical elements” (1937: 622). In contrast, the analytical categories of the scheme itself are not empirical. Parsons writes that “the action frame of reference may be said to have . . . ‘phenomenological’ status. It involves no concrete data that can be ‘thought away,’ that are subject to change. It is not a phenomenon in the empirical sense. It is the indispensable logical framework in which we describe and think about the phenomenon of action” (1937: 733).

*Concrete* differences are to be accounted for by differences in the “values” (in the technical meaning of the content and levels of variables) of the elements that have been identified analytically. It is precisely the understanding of uniform modes of relationship between elements, which the analytical theory of action provides, that enables the prediction of changes in the “values” of the variables of empirical systems consequent upon changes in the “value” of some other variable in the system. The point is further elaborated in his later work in the context of a discussion between economics and sociology, when Parsons, in collaboration with Smelser, writes:

The specifically economic aspect of the theory of social systems, therefore, is a *special case* of the general theory of the social system. If this is true, we must clarify the position in which this special case stands relative to other possible special cases, in order to “locate” economic theory

in relation to other branches of theory. But the *basic* variables operative in all the special cases are the variables of a more general theory. The peculiarity of economic theory, therefore, is *not* the separate class of variables it employs but the *parameters* which distinguish the special case or classes of cases we call economic in the use of the general variables of social theory from the other important types of special case. (1956: 6)

This is glossed further in a footnote with the comment—a recurrent theme from his analysis of the professions—that “empirically most so-called ‘economic’ processes must be regarded as resultants of economic and non-economic factors” (1956: 6). It is the very argument that the “concrete” is made up of “systems,” rather than “individual acts,” that underlies the later claim of Parsons and Smelser that “if we view the goal of the economy as defined strictly by socially structured goals, it becomes inappropriate even to refer to utility at this level in terms of individual preference lists or indifference curves. . . . Therefore, it is correct to speak, with only apparent paradox, of the ‘maximization of utility’ in a social context without at the same time making *any* statements about the interpersonal measurability of utility” (1956: 22).

It is evident that Parsons’s transformation of orthodox economics is more fundamental than his critics from within the “new” economic sociology allow. However, it is Parsons’s very concern to set out a general framework of analytical categories (or factors) that elicits the charge that he capitulated to what subsequently came to be seen as neoclassical orthodoxy. The problems seem to be twofold. One is the emphasis on the integration of the “total action system.” Parsons frequently argues that this is an *analytical* assumption, rather than a *concrete* description, but while this is a qualification of fundamental importance, it does not eliminate the issue of empirical reference. The analytical theory is intended to refer to concrete circumstances, and its reference is in terms of the mechanisms identified through the idea of functional imperatives. These identify tendencies toward integration as a property of concrete systems of action, *insofar as they can be analyzed as systems*. This is directly analogous to the status of equilibrating tendencies within orthodox economics.

The second issue is that of how the empirical reference of the scheme bears upon its adequacy. Any lack of integration in concrete

systems of action is precisely that, *concrete*, lacking any *equivalent* theorization to that of integration in terms of the scheme and its analytical categories. A specific example is that of the ownership and control debate mentioned above, where Parsons takes issue with those who interpret the rise of large-scale corporations in terms of a concentration of economic power. It is central to Parsons's understanding of the role of the professions in modern society that the separation of ownership and control allows for managers to take on a "political" role oriented to more diffuse social interests. There is no doubt that Parsons's argument is "counterintuitive" and, therefore, potentially deeply interesting. However, he does not suggest that it is something to be resolved by research.<sup>24</sup> It would be possible to read his early articles on the professions, for example, as constituting a research program where he provides detailed theoretical arguments for considering that the professions are not reducible to self-interest and that an economic order in which the professions are a significant part is, itself, significantly different from one in which they are absent. Given the existence of competing accounts of the rise of the modern corporation, this might be regarded as something for comparative research. At least initially, Parsons seemed to suggest that this was a possibility; analytical theory would serve empirical research. However, his primary purpose in the discussion of the professions is to identify the necessity of the distinction between the *analytical* and the *concrete*, while it is the very elaboration of the analytical theory that gives rise to the attenuation of empirical research as having a bearing on the further development of his scheme.

The detail of Parsons's treatment of empirical phenomena comes to be derived from the categories of a scheme that is itself held to be nonempirical. In this way, it proves all too easy for Parsons to assimilate all arguments to his general theory, that is, to a general argument about the progressive differentiation of social structures around specialized functions. Differentiation and functional specialization are argued to be integral to complex systems and their integration. At the same time, as each interchange in the complex contributes to the interdependence of the system, so there is a possibility of "strain" at each nodal point. "Conflict" and "oppositional" (in its specific Parsonian sense of oppositional to collective goals)

uses of power are “admitted” as possibilities, without questioning the underlying statement that denies them a more fundamental status.<sup>25</sup> This is a problem that he had initially associated with the emergence of residual categories that would reveal the limitations of a scheme and the need for its reconstruction.

Were the categories of his scheme to be merely the categories of a descriptive approach to societies (including the economy), then it might be argued that they could serve a heuristic purpose in which the extent of their realization in practice would be an “empirical” issue. Parsons sometimes appears to argue that this is so, writing that “the concept ‘integration’ is a fundamental one in the theory of action. It is a mode of relation of the units of a system by virtue of which, on the one hand, they act so as collectively to avoid disrupting the system and making it impossible to maintain its stability, and, on the other hand, to ‘co-operate’ to promote its functioning as a unity” ([1953] 1954: 71). He was at pains to point out that this is a conceptual, not an empirical, claim: “A generalised social system is a conceptual scheme, not an empirical phenomenon. It is a logically integrated system of generalised concepts of empirical reference in terms of which an *indefinite number of concretely differing empirical systems* can be described and analyzed” ([1953] 1954: 71; emphasis added).

However, the *variance* of empirical systems in terms of the specific “values” of their elements, as we have seen, occurs alongside *invariant relations* between their elements, and so the idea that there can be an “indefinite number of concretely differing empirical systems” is somewhat compromised. Certainly, when Parsons set out a classification of types of society, they are limited by the logic of the categories, whether this is the generation of a typology out of the scheme of pattern variables found in the earlier work (Parsons 1951), or the generation of a typology and developmental account of the emergence of modern societies in terms of stages logically derived from the application of the four-function paradigm (Parsons 1966, 1971). The typologies are all generated by the logic of the a priori categorical scheme; the “indefinite number of concrete empirical systems” is not itself the basis for a reconsideration of types or the categories from which they are derived. The categories were not



empirically derived and their “applications” have no consequence for the theory.

This is, perhaps, not surprising, given that Parsons describes the analytical scheme very precisely as “phenomenological” and not empirical. Although the analytical factor approach is presented as emergent—that is, as a phase in the development of scientific thought in which there was an engagement with concrete problems—its definition and development of the approach is in terms of a purely “logical” analysis of the relations among factors. As Burger puts it, Parsons was so concerned with avoiding the problems of empiricism and the “fallacy of misplaced concreteness” that he rendered his scheme unfalsifiable: “the only thing that could be tested is the synthetic explanation of concrete phenomena by the combined totality of all the specialized sciences. Yet how can these sciences be developed to begin with if they are not testable?” (1977: 328).

### III

#### **Conclusion**

IT MIGHT BE RESPONDED that “sociology” could provide the “particular” answer to concrete instances of deviation from the “rational,” equilibrating models of social systems by accounting for those deviations in terms of power or nonrational influences on behavior. This is implied by Baron and Hannan’s construction of the relation between sociology and economics with which I began this article. However, it must be recalled that Parsons provided a form of (political science and) sociology in which power and values, themselves, serve equilibrium, leaving a “residual” status to those behaviors that are “deviations” from his model and yet logically required by it (for example, there can be no integrative tendencies, except that there are particular concrete circumstances of less-than-perfect integration). The space of accounting for the “residuals” can no longer be filled by sociology, as it can in the case of orthodox economics, precisely because sociology itself is integral to the wider analytical theory.

Although Parsons sought to provide a general theory that would *both* unite economics and sociology *and* unite sociologists, its

internal problems created a division *within* sociology that reproduces the division between “economics” and “sociology.” Given the status difference between economics and sociology that many commentators have identified, it is not surprising that Parsons found it difficult to persuade economists to accept his transformation of their domain. Since he could not persuade sociologists that the residual categories that his scheme generated were insignificant, it is hardly likely that he would have any influence outside his field. After all, it was Parsons (and Smelser) who claimed that the theory of the economic system was a special case of the theory of the social system, and sociologists, by and large, came to reject the latter.

What does this mean for the relation between economics and sociology? In contrast to what is argued by his critics from within the “new” economic sociology, Parsons does offer a view of the relation between economics and sociology that involves a significant modification of the standard assumptions of orthodox economics, not least its assumptions of methodological individualism, rational choice, and equilibrium as an aggregate of individual decisions. He also provides the example of the “professions” as an instance of an emergent phenomenon within capitalist economics that transforms the environment such that other concrete relationships are modified. In this respect, Parsons could be argued to have “discovered” a concept of “social structure” as a *sui generis* reality, similar to what is proposed by the “new” economic sociology. However, Parsons also committed himself to a form of analytical theorizing in which the mechanisms associated with the functioning of social structures are rendered non-empirical, thereby undermining economic sociology as an empirical research program.

Throughout this article, I have been associating economics with neoclassical economics, but it is also a discipline characterized by debate over its concepts and methods (albeit not so severe as sociology). Neoclassical economics is simply a dominant approach to social phenomena. As such, it has a set of core concepts and mechanisms that it applies to social analysis, frequently giving rise to the problems that constituted Parsons’s starting point. It is on this basis that writers such as Gould (1989) or Alexander (1982) suggest that Parsons was ahead of his time, but my analysis suggests that he was

*of his time*. Rather than address the relationship between sociology and economics as a question of disciplines and the logical relations among them, we might better think in terms of a series of competing explanations to be resolved in research. *Contra* Parsons, consensus on a theory of action need not be regarded as a starting point. *Contra* Hirshleifer (1985), a “master pattern” is neither desirable nor likely. In the present postpositivist phase of social scientific development, new insights into economic activities are likely to be the product of competing approaches by persons and research groups calling themselves “economists” and “sociologists,” but without strong disciplinary identities.

### Notes

1. For example, “old institutionalists” were charged with being atheoretical and descriptive by their “orthodox” colleagues, while the current advocates of institutionalism vehemently rebut this charge in the name of an anti-positivist philosophy of science (see Hodgson 2001). It should be evident that this distinction also maps onto that between formalists and substantivists in economic anthropology (for the former, see Cook 1966; Schneider 1974; for the latter, see Polanyi et al. 1957). In that sense, sociology and anthropology can be seen as equivalent disciplines, while psychology tends to be aligned with economics.

2. For Gould (1991), the problem of the false division between sociology and economics is a “failure of will” on the part of Parsons to fully carry through in his later writings the critique of neoclassical economics that was contained in his early voluntaristic theory of action. Nonetheless, for Gould, “Parsons’ work provides the most sophisticated economic sociology available. He enunciated a conceptual framework within which it is possible to both reconceptualize microeconomic theory and to draw on macroeconomic theory in the formulation of a viable macrosociology” (1991: 91).

3. Parsons’s criticisms of institutionalism were often rather general and, when directed at specific writers, the main target was Veblen, whose writings were not particularly current. See Parsons ([1935] 1991). This is probably explained by his unwillingness to antagonize his teachers at Amherst, where his undergraduate studies had been within an institutionalist milieu.

4. These are similar to charges laid against orthodox economics when Parsons was writing. See, for example, Hutchison ([1938] 1960).

5. A note on terminology: in his early essays, Parsons referred to “classical political economy” associated with Smith, Ricardo, and Malthus (with Marx as a critical variant) and to the “marginalist” position that supplanted it

as forms of orthodox economics. His intention was to identify marginalism with the emergence of an analytical factor view of economics, but for this to be properly emergent and its implications to be fully developed requires the recognition of other analytical factors alongside the “economic” factors (see Parsons [1934] 1991, [1935] 1991). In the absence of this recognition of other analytical factors, economic orthodoxy is drawn back to various forms of positivist and empiricist understandings, of which utilitarianism is the most dominant, linking classical political economy with its marginalist successor. In this way, the “analytical factor view” is Parsons’s own contribution to the understanding of economics as one of the analytical sciences of action.

6. In reflecting on the nature of Parsons’s contribution in light of these developments, there seem to be several distinct positions. Those who seek to emphasize his continuing relevance suggest that Parsons was ahead of his time in articulating an essentially postpositivist philosophy of science, where the relative autonomy of theory from fact is emphasized and where the reduction of science to social context is avoided (Alexander 1982; Gould 1989). Others, such as Camic (1992), have contested this anachronistic interpretation and have offered an interpretation more along the lines of recent social studies of science, emphasizing the particular social context of Parsons’s early writings. According to Alexander and Sciortino (1996), this is an unsatisfactory, reductionist approach. I shall suggest that there is no need to regard an explanation in terms of social context to be incompatible with a claim for the intellectual substance of Parsons’s contribution. However, it is difficult to see that Parsons’s own conception of the philosophy of science is directly equivalent to postpositivism, not least because the latter is anti-foundational and Parsons is clearly setting out a foundational statement (see Holmwood 1996).

7. Essentially, Parsons’s most important writings on the professions span the period between the writing of *The Structure of Social Action* (1937) and *Economy and Society* (co-authored with N. Smelser, 1956), with *The Social System* (1951) in between. His writings on the professions include general treatments of the topic (Parsons [1939] 1954) and their specific applications to law (Parsons [1952] 1954) and medicine (Parsons 1951) and to sociology itself (Parsons 1959). In this article, I shall pay particular attention to Parsons’s early writings around *The Structure of Social Action*, since these are most at issue in the debate over his critique of institutional and orthodox economics.

8. Similar arguments emerged again in the 1970s in criticism of Parsons’s emphasis on the professions, with writers arguing for the dominance of self-interested motivations (Collins 1977), or for the “proletarianization” of the professions (Larson 1977). The expansion of the professions, which Parsons took to be of prime sociological significance as a distinctive social structure, is associated by these writers with their assimilation to the social structure of

capitalism, in which the professions are seen to have no particular sociological significance.

9. Parsons ([1940] 1954) elsewhere suggests that the dominance of acquisitive motives may not have an institutional explanation but may be related to anomie. "Ours is a society," he writes, "which in a number of respects is far from being perfectly integrated. A very large proportion of the population is in this sense insecure to an important degree. It is hence suggested that another component of this acquisitiveness, especially of the kind which is most offensive to our moral sentiments, is essentially an expression of this widespread insecurity" ([1940] 1954: 67).

10. As Parsons says in the context of a more general discussion of power and legitimacy in *The Structure of Social Action*, it is necessary to distinguish "between the fact of orientation to a legitimate order and the motives for acting in relation to it. The two elements of interest and legitimacy are interwoven in a complex way. The fact that an order is legitimate in the eyes of a large proportion of the community makes it ipso facto an element in the *Interessenlage* of any one individual, whether he holds it to be legitimate or not. Suppose he does not, his action, to be rational, must be nonetheless oriented to this order" (1937: 652).

11. Parsons allows that Marx introduces a "sociological element"—that of power—into classical political economy by making the firm his central unit of analysis. See Parsons ([1935] 1991).

12. This understanding of the market economy as "embedded" is given more formal articulation in Parsons's later writings, where the economy is understood to operate in terms of institutionalized values of the wider social system of which it is part. For example, Parsons and Smelser write that "the goal of the economy is not simply the production of income for the utility of an aggregate of individuals. *It is the maximization of production relative to the whole complex of institutionalized value-systems and functions of the society and its sub-systems*" (1956: 22; emphasis added).

13. Of course, it is the perceived closer relation of economics to science that is the origin of the status claims made on behalf of economics, so the two are not neatly separated.

14. Recent arguments by Brick (1993) and Nielsen (1991) have transformed the lazy critique of Parsons as being conservative in his orientations, suggesting that he had a socially liberal and progressivist outlook.

15. However, most interpretations of Parsons typically have regarded the unit act as referring to concrete individual acts. See, for example, Schutz ([1940] 1978), Martindale (1971), and Menzies (1976). A similar view is found in the "new" economic sociology, as we shall see.

16. In these respects, Parsons identifies a tendency within utilitarianism to seek the direct integration of economics, psychology, and biology, a tendency that is evident in the recent statement of Hirschleifer, who writes "there

is only one social science" (1985: 53) and "in pursuing their respective imperialist destinies, economics and sociobiology have arrived in different ways at what is ultimately the same master plan of social theory—one into which the phenomena studied by the various social sciences to some extent already have been, and ultimately will all be, fitted" (1985: 66). In these terms, it is significant to Parsons that institutional economists had resort to biological evolution in their approach to economic development (see Parsons [1935] 1991: 202).

17. Thus, Parsons writes that "the sense in which the unit act is here spoken of as an existent entity is not that of *concrete* spatiality or otherwise separate existence, but of *conceivability* as a unit *in terms of a frame of reference*" (1937: 43–44; emphasis added).

18. In this context, the structure of Parsons's ([1935] 1991) earlier two-part essay on the sociological elements in economic thought is significant. The first part, which includes a discussion of institutional economics, is "concerned with theories on the empiricist basis," while the second part rehearses the argument to come in *The Structure of Social Action* and takes up "the alternative of an *abstract* economic theory in relation to other abstract social sciences" ([1935] 1991: 187).

19. Contrary to much of the secondary literature, then, from his earliest statement of the action frame of reference onward, Parsons was concerned with the identification of "unit acts" in order to locate their elements within wider systems. The discovery of a "systems" approach was not a later development in which Parsons gave up an earlier attachment to "action," as is commonly argued (Scott 1963; Menzies 1976).

20. See, especially, Parsons's discussion of Pareto (1937: 228ff).

21. Ironically, given Camic's general hostility to "presentist" interpretations of texts, his heavy emphasis on normative action in *The Structure of Social Action* derives from the later observation in the secondary literature that Parsons's weakness lies in the domain of power and conflict. While this may be true, it is clear that Parsons does not foresee this problem and he intends his scheme to be adequate to problems of power and conflict. Moreover, the later specification of the social system and its subsystems clearly identifies a political subsystem, albeit with power functionally defined as serving collective goals and operating *over* actors to the extent that it serves to secure compliance with those goals. Nor is it correct to suggest, as does Whitford (2002), following Camic (1989), that all Parsons does is "tweak" the "missing link" of ultimate values, leaving neoclassical economic theory otherwise untouched, "implying that it successfully models those aspects of the social world to which it is applied, and so cedes paradigmatic privilege to rational choice" (2002: 332).

22. Parsons is quite clear that assigning sociology and economics to different analytical elements (or factors) within a single scheme is not the same

as saying that each discipline has its own domain of empirical problems. Thus, in a footnote to the statement that economics “must reconcile itself to be limited to the analytical abstraction of one of the fundamental factors in human action and its study for the purposes of the systematic formulation of theory in ‘artificial’ isolation from the rest” [1935] (1991: 213), Parsons comments that “artificial isolation” does not refer to the concrete division of labor of scientists and that “it seems to me that all important concrete research problems cut across several of the divisions between theoretical sciences” ([1935] 1991: 213). Ironically, Swedberg and Granovetter (1992) reproduce the very division that Parsons held to be problematic, in charging him with reinforcing disciplinary boundaries. They write that “American sociologists basically came to see themselves as dealing only with ‘social’ problems, which by definition were different from ‘economic’ problems. This development was due in part to the sharp division of labor recommended by Talcott Parsons in the 1930s” (1992: 5). They fail to acknowledge Parsons’s critique of the fallacy of misplaced concreteness as well as the substance of what he says about the professional complex and its implications for understanding what were typically regarded as “economic” problems.

23. As with some other commentators (see, for example, Adriaansens 1979; Alexander 1984), I regard Parsons’s scheme as complete once he establishes the functional imperative scheme as the means of distinguishing *levels* of systems and *dimensions* of the social system (see Holmwood 1996 for a discussion). Significantly, this development is associated with his return to consider the relations between economics and sociology (Parsons and Smelser 1956; Parsons 1960).

24. See, for example, Parsons’s (1975) exchange with Gintis (1975) around the issue of ownership and control within the capitalist enterprise, which Parsons conducts entirely as a matter of correct specification in terms of the theory of the social system, with no consideration that there may also be issues of empirical adequacy in their competing accounts.

25. This is described by Alexander in the following way: “functionalism is concerned with integration as a possibility and with deviance and processes of social control as facts. Equilibrium is taken as a reference point for functionalist systems analysis, though not for participants in actual social systems as such” (1985: 9).

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