



From Schütz to Goffman: The Search for Social Order

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Abstract. The revival of the ideas of Alfred Schütz among Austrian economists is examined. In particular, this paper looks at Schütz's work on intersubjectivity as an alternative approach to market coordination. As opposed to the rational maximization of individuals, some have argued that Schütz's concept of intersubjective structures of meaning offers a better model for understanding how individuals act in the social world. This paper questions the soundness of utilizing Schütz's approach and suggests that the work of the sociologist Erving Goffman offers a potential model of social interaction that encompasses many elements of Schütz's framework but does not share the same limitations. Drawing on selected works of Goffman, a tentative model of social interaction and decision-making is put forward for discussion and further research.

JEL classification: B52, B31.

In recent years, the discipline of economics has been paying greater attention to the work of Alfred Schütz. More specifically, the social theorist has been "rediscovered" principally by a small number of economists affiliated with the Austrian school of economics. The term "rediscovered" is used because Schütz's contributions to economics, although prominent in the 1930s and 40s, have largely been forgotten. However, as a member of the Mises circle, Schütz was a well-known contributor to the formulation of some of the school's main theoretical tenets. In particular, Schütz's work on intersubjectivity provided the underpinnings of the Austrian school's approach to market coordination, as well as larger methodological issues (Foss 1996, Pietrykowski 1996, Prendergast 1986). The contemporary interest in Schütz stems, in part, from a growing insurgence against the approach to market coordination offered by mainstream neoclassical economics. As opposed to the rational maximization of individuals, Schütz posits the existence of intersubjective structures of meaning—social recipes—that enable individuals to act in the social world (Schütz 1970[1943]:108).

While Schütz's theories languished within economics for decades, however, they provided the impetus for a phenomenological approach to sociology (Collins 1993). In developing the foundation for ethnomethodology, Harold Garfinkel adopted Schütz's approach to the phenomenology of the life world, particularly such features as social routine and the problem of intersubjectivity. However, as Randall Collins points out, the ethnomethodologists empiricized Schütz's approach (Collins 1993). For instance, Garfinkel conducted a number of new, and often bizarre studies, such as the so-called "breaching" experiments—activities principally designed to disrupt cognitive routines. Further, Garfinkel modulated some of

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Schütz's claims. For instance, while Schütz assumes that intersubjective understanding is often achieved, Garfinkel's actors seem to settle for an appearance of intersubjectivity. For Garfinkel, individuals do not really understand each other but they keep up a normal appearance by acting as if they do (Collins 1993).

While seemingly different in perspective, both approaches—Austrian economics and ethnomethodology—share Schütz's focus on understanding the maintenance of social order. Unfortunately, both approaches also share some of the critical limitations of Schütz's framework for social interaction. As Gorman has argued, the foundation of Schütz's phenomenological approach is the *Lebenswelt*, which Schütz considers a first-order construct. Since we cannot experience the *Lebenswelt* directly, Schütz merely assumes its existence and proof of its existence is its manifestation in social reality—a quite tautologous solution (Gorman 1977). While such a critique is potentially devastating, this paper will avoid delving too far into such a discussion. Rather, this article focuses on another limitation in Schütz's approach, that of the possibility of social change. As Augier et al. has rightly pointed out, Schütz wants to understand the *process* of choosing and he is interested in the typicality of choice. (Augier et al., 1998). For Schütz, typification, in the guise of social recipes, is what provides meaning to social reality. The problem is that individuals also continually encounter unique and unknowable events in life as well. Schütz acknowledges such events, but his solution for the individual is a quasi-rational choice argument. He argues that when faced with such situations—when usual rules of thumb are not applicable—the individual will resort to a type of bounded rational calculation, that is, the individual will choose among alternatives *within reach*. Nonetheless, Schütz argues that such situations are special and relatively rare.

The drawback in Schütz's solution is that social change is not a rare phenomenon at all. Looking at society over the past fifty years (or even the last decade), it is clear that norms and behavior change at a much quicker pace than Schütz acknowledges or for which his methodology can account. Because of these limitations, particularly the latter, it is the aim of this article to explore an alternative solution to the problem of social order. It is suggested that the work of Erving Goffman, a contemporary of Harold Garfinkel, offers a potential model of social interaction decision-making that encompasses many elements of Schütz's framework, but also allows for the possibility of change. Although it could be argued that Goffman himself never presented such a model, this paper contends that an overall model was implicit in much of Goffman's work. Indeed, Goffman responded to similar criticism with his development of frame analysis, an ambitious effort to pull together the threads of his numerous writings and develop a model of subjective interpretation and action. This paper draws on a number of Goffman's earlier writings, but the model developed in this paper is not one provided directly by Goffman.

Austrians, Alfred Schütz and Social Analysis

Alfred Schütz's wide-ranging thought represents something of an enigma. As Bruce Pietrykowski points out, "the work of Alfred Schütz by itself can be interpreted and understood in a variety of ways" (Pietrykowski 1996:240) Indeed, Schütz has been viewed as a rational choice theorist (Esser 1993), a phenomenological sociologist (Pietrykowski 1996,

Kivisto and Swatos 1990), and an Austrian economist (Koppl 1997). The dualistic nature of Schütz's actual life—banker by day, intellectual by night—certainly lends itself to intellectual work that would support a wide number of interpretations. Gorman seized upon this “dual vision” metaphor and highlighted a number of contradictions in Schütz's theories (Gorman 1977). In part, this stems from the apparent disjunction between Schütz's phenomenological and methodological writings. Recently, Prendergrast has attempted to reconcile these contradictory sides of Schütz by emphasizing his commitment to the marginal utility framework of the Austrian school (Prendergrast 1986).

While such directions are interesting to pursue, this paper takes a much narrower, and more contemporary, view of Schütz. After years of inattention, a small number of commentators, principally those affiliated with Austrian economics, are attempting to revive and reclaim some of Schütz's original insights. Much of this revival is due to a growing movement within economics in general to rethink some of the discipline's foundations (see Backhouse 1994, Lawson 1997, McCloskey 1994). Within Austrian economics, it stems from a growing emphasis on the work of Ludwig Lachmann in reformulating the Austrian paradigm (Koppl 1994). Given the historical connection between Schütz and the Austrians, it is understandable that this school would turn to Schütz in this effort (Prendergrast 1986).

However, it is not altogether clear whether Schütz can successfully provide some of the missing links that Austrians and other heterodox economists desire. Therefore, rather than provide an overview of Schütz's Austrian connection and his ideas, this paper will specifically focus on the work of contemporary commentators, some affiliated with Austrian economics and some with broader interests.¹ In particular, this paper will review contributions by three economists—Roger Koppl, Nicolai Juul Foss and Bruce Pietrykowski—who have exhibited the strongest interest in reviving parts of Schütz's hermeneutic framework for the social sciences.

In recent years, the ideas of Schütz have received their most sustained treatment in the discipline of economics by Roger Koppl (1992, 1994, 1997). The primary concern in Koppl's work has been to develop a subjectivist theory of economic expectations. The importance of such a theory stems from the need to explain economic coordination: “the orderliness of market processes depends on the institutional context within which individuals function . . . and the plans they induce will generate varying degrees of coordination depending on the extent to which the institutional context satisfies certain conditions” (Butos and Koppl 1997:355). Koppl draws on Schütz's work as a way out of the problems with the epistemological framework of Ludwig von Mises, particularly as it affects the role of economic expectations (Koppl 1997). According to Koppl, Mises was unable to develop a theory of economic expectations due to his separation of the notions of conception and understanding. For Mises, conception was “discursive reasoning,” an objective mode of thought that lent itself solely to scientific (economic) investigation. In contrast, understanding was subjective in nature and was concerned with learning about the actions and intents of others. Koppl points out that for Mises “only ‘conception,’ which has no business inferring people's purposes, is subject to the strictures of rationalism” (Koppl 1997:65). However, Koppl says that because “expectations are formed through the unfolding of the market process . . . they are a matter of entrepreneurial understanding” (Koppl 1997:67). In this manner, we see the critical role played by the entrepreneur in Austrian economics.² Because of Mises'

distinction between conception and understanding, Koppl argues that a theory of expectations is beyond the (epistemological) reach of Mises. As a way out of this impasse, Koppl turns to Schütz's ideal-type methodology, particularly Schütz's concept of anonymity. As Koppl points out, Schütz's ideal-type, in contrast to Weber's, more clearly distinguished between "the 'objective' and 'subjective' meaning of any action" (Koppl 1997:69). In contrast to Mises, Schütz's ideal-type method is focused on understanding, although the extent of understanding the meaning behind any action lies on a continuum between objective and subjective. This continuum corresponds to a similar continuum of the abstraction of ideal-types, with more objective ideal-types representing a higher degree of anonymity. Koppl then makes a move more befitting a sociologist by positing that individuals also utilize a range of ideal-types in their every-day life; as he says, "if we can figure out when agents are likely to rely on more anonymous types and when they will use less anonymous types, we can construct a theory of expectations" (Koppl 1997:72). Without discussing the empirical problems with such a proposal, Koppl thus considers the epistemological conundrum in Mises' thought solved and suggests that Schütz's method—particularly the notion of anonymity—allows for the construction of a broader subjectivist theory of expectations (and by extension, market coordination).

Nicolai Juul Foss also takes up Schütz's notions of ideal-type and anonymity and focuses primarily on the question of market coordination (Foss 1996). Foss's entry point into the question of the market coordination problem is through a critique of the answers provided by mainstream economics. For a substantial portion of economic history, Foss points out that mainstream economics largely assumed away the coordination problem, typically "by constructing market models of perfect competition where every agent was postulated to possess full knowledge and perfect foresight" and, thus "to have access to the very minds of other agents" (Foss 1996:77). In contrast, Austrian economics has assumed that there is no direct "correspondence between individual equilibrium and social equilibrium" (Foss 1996:79), and has instead focused on the existing of institutions that coordinate economic (social) action. However, while Hayek posited an evolution of order-promoting institutions, Lachmann pursued a more subjectivist path in focusing on "recurrent patterns of conduct" of individual action (Foss 1996). Foss expands on Lachmann analysis *vis a vis* Schütz as this path does not throw away "information which players (actors) need in order to coordinate their actions" and it does not "neglect the fact that real-world players (actors) are socialized" (Foss 1996:82). Expanding on the similarities between Lachmann's "patterns of conduct" and Schütz's ideal-types, Foss brings into play Schütz's notion that "agents come equipped with an intimate knowledge of their life-world, including a large repertoire of course-of-action and personal ideal types" (Foss 1996:83). Further, agents (actors) know that other people have these same repertoires and this "common knowledge" forms the basis for the coordination of action. In this manner, Foss argues that Schütz provides not only a solution to market coordination, but also a way to expand the undersocialization that Foss identifies in mainstream economics approaches, such as game theory.

Akin to Foss's interest in broader applications of Schütz, Pietrykowski takes a look at Schütz not for buttressing the Austrian framework, but rather as a potential avenue for other economists interested in moving beyond the confines of the neoclassical framework (Pietrykowski 1996). In particular, Pietrykowski is interested in Schütz with regard to

“the constitution of individuals in society and their creation of a meaningful economy” (Pietrykowski 1996:219). Pietrykowski makes a distinction in Schütz’s thought pre- and post-emigration to the United States: the former emphasizing the ideal-type methodology discussed above and the latter focusing more on social interaction. The latter component of Schütz’s thought is Pietrykowski’s primary interest, and he describes this work as a “search for *fundamental* constituents of the social world and toward an exposition of how life-worlds are constituted and reconstituted *in different social contexts*” (Pietrykowski 1996:233). In this respect, Pietrykowski is interested in Schütz’s move beyond the simple notion of ideal-typification (centered on the individual) to the process of the generation (or negotiation) of typifications (centered on everyday social interaction). Pietrykowski recognizes that “Schütz, however, offers a tantalizingly incomplete description of how rational actors make sense of the world together,” therefore he looks to the work of Habermas to extend Schütz’s ideas. More specifically, Pietrykowski equates Habermas’ distinction between self-oriented (instrumental) and other-oriented (communicative) rational action with Schütz’s distinction between intrinsic and imposed relevances (social meaning). Like self-oriented rational action, Pietrykowski argues that intrinsic relevances “are the result of willful, planned, purposive actions,” but, following Schütz, points out that individual action is often constrained in social interaction. In contrast, imposed relevances arise from interactions—in other words, imposed relevances are simply the intrinsic relevances of the other interaction participant. Negotiation of these (presumably) conflicting relevances is a matter of “the readiness with which individuals accept or resist the imposition of the other’s relevance systems” which “differs from situation to situation” (Pietrykowski 1996:239). Moving this framework to the example of the market, Pietrykowski argues that “in the market, one can avail oneself of the subjective meaning of marketplace activity” and be “attuned to the meanings and intentions of others as well as the meaning of commodities for me” (Pietrykowski 1996:239). In this manner, “the market experience is subject to typification based on my (socially) acquired expectations of the way others should treat me” (Pietrykowski 1996:239). Ultimately, the aim of this use of Schütz is to demonstrate that “an economic analysis that takes seriously the phenomenologist’s concern with meaning creation in the production process might also be better able to explain variations in work productivity and firm profitability” (Pietrykowski 1996:238) and “persistent patterns of occupational segregation by race and gender.” (Pietrykowski 1996:240) Unfortunately, Pietrykowski does not tell us exactly what this would look like.

As we see, recent analyses of Schütz’s framework by economists have looked to the ideal-type method as a way to better understand and model two primary economic phenomena: economic expectations and social order/market coordination. In the case of Pietrykowski, the work of Schütz is being drawn upon for a broader effort to introduce a more subjectivist orientation into economics. While it is understandable that these commentators would turn to Schütz—given his connections to both the Austrian School and the discipline of economics as a whole—it is suggested that Schütz’s framework does not provide the best answers to the questions posed. It is clear that Schütz provides an answer to the question of market coordination and economic expectation. The notion that individuals draw upon a range of ideal-types—and that these ideal-types are accessible to the analyst—in order to navigate social interaction does allow for at least a partial understanding of the possibility of social

order. However, Schütz's ideal-types are not able to understand the origins or processes of *social change*. For Schütz, an individual's ideal-types are relatively static; once acquired they remain seemingly unchanged. Further, the Schützian world consists of knowledge already present, and we are born into a "life-world" which is to a very large extent taken for granted. However, such a theoretical perspective neglects to account for changes in the "life world." As Augier et al. points out, Schütz was aware of the presence of novel and unique events in experience, but he "did not tell us from where new structures emerge, or how come we could (sometimes at least) expect unique events to occur." (Augier et al., 1998). Koppl recognizes this limitation as well, but does not follow-up on the subsequent implications for a theory of economic expectations.³ (Koppl 1992:10). To be fair, a theory of unique events is a practical impossibility, but a theory of economic expectations should take into account the consequences—the cognitive disruption, if you will—of unfulfilled expectations. In this regard, Schütz assumes that a "choice" after a dramatic rehearsal and calculation emerges only in relatively rare and special situations—like a stranger to new situations. Schütz believes there will never be such a calculation within the context of everyday life—such a calculation is superfluous for everyday life, as everyday life is a series of recipes, habits and compliance. The latter play a much bigger role in Schütz because they are what provide meaning to everyday life. In the end, it appears that Schütz's ideas are somewhat incomplete for understanding the formation of expectations and the existence of social order in a world that is constantly subject to change.

With regard to the use of Schütz's ideas for developing a more interpretive economics, it has been argued that the phenomenological project as a whole suffers from serious epistemological difficulties. As was discussed in the introduction, this point is taken most extensively by Robert Gorman. The stuff of phenomenological economics or sociology, whether the motivational complexes of Lowe or the in-order-to/because-of motives of Schütz, are of the *Lebenswelt* (first-order constructs). Since we cannot experience them or prove their existence, Schütz, because he explicitly rejects Husserl's transcendental reduction, can only assume their existence. For Schütz, proof of their existence is their manifestation in social reality—a quite tautologous solution. If one talks about a phenomenological sociology deriving from Schütz, it is important to recognize that it is one that has largely been adopted and modified by a small group of sociologists, particularly Harold Garfinkel and the early ethnomethodologists. In the development of a phenomenological economics, it is important to look at the track record of these folks in order to gauge whether that particular theoretical direction is worth pursuing. Although Gorman is a bit harsh on this point, he points out that "typical ethnomethodological case studies therefore deal with problems which, though distinct, are something less than profound," such as the "first five seconds of 500 taped phone conversations; normal conversation patterns in a Lue tribe" and "how a policeman on the beat becomes suspicious" (Gorman 1977:105). While these are interesting pursuits in their own right, they have not necessarily led to any systematic body of theory.

Developing a Goffmanian Model of Decision Making

It is the argument of this paper that turning to Schütz for an effort to understand economic phenomena does not provide a satisfactory guide. Although some have proposed buttressing

Schütz's work with that of others,⁴ I would argue that the deficiencies in Schütz's ideas still remain. Rather, it is proposed that the work of Erving Goffman provides a more fruitful set of ideas with which to understand economic action. While market coordination is largely concerned with economic action, the commentators discussed above are interested in viewing economic action also as social action. As is well known, Max Weber defined social action as that which "takes account of the behavior of others and is thereby oriented in its course" (Weber 1978:4). The matter of utmost theoretical importance is how to characterize the subjective orientation of individual (social/economic) actors. As we will discuss further, the difference between Schütz and Goffman, in large part, stems from their different intellectual foundations. While Schütz's approach emerged from his effort to synthesize Weber and Husserl, Goffman's work has a stronger foundation in the Durkheimian tradition. To a certain extent, however, the following discussion takes some liberties with Goffman in that it presents a fairly systematized view. Except for his work on frame analysis, Goffman's work tends to defy easy systematization. Attempts to systematize Goffman's work are certainly not new,⁵ but, like his own work, these efforts are often episodic. The framework that will be established is not explicit in his writings, but, I would argue, is nonetheless implicit. Goffman was not interested in erecting theoretical edifices like Schütz, but rather focused more on the details and nuances of everyday social encounters. However, while Goffman pored over the details of social interaction, his work certainly should not be seen as anti-theoretical. As I hope to show, his work lends itself quite easily to the theoretical enterprise, particularly the efforts by recent work in economics.

To begin, let us look at the questions for which commentators above are looking for solutions. These are threefold: expectations, market coordination and a more interpretive method. With regard to expectations, we can find two levels of expectations in Goffman: informal and formal. The informal level of expectations resides at the behavioral or psychological level, and I will label this level the *expressive order*. In essence, Goffman used this term to denote an imperative for emotional solidarity. Whereas Schütz presumed that individuals used ideal-types to base expectations on interactions (and thus, maintain social order), Goffman simply believed that individuals pursued social interaction with the intent to maintain social order, principally for social reasons. While this assumes a behavioral imperative similar to the "self-interest" found in neoclassical economics, it has the advantage of avoiding the problem of the hermeneutic circle that Schütz's work raises. Interestingly, such an assumption is not foreign to economics. Adam Smith the oft acknowledged "father" of economics, developed the notion of "fellow feelings" in his *Theory of the Moral Sentiments*. In fact, Goffman discusses Smith's work and notes approvingly that he (Smith) argued that "the individual must phrase his own concerns and feelings and interest in such a way as to make these maximally usable by the others as a source of appropriate involvement; and this major obligation of the individual *qua* interactant is balanced by his right to expect that others present will make some effort to stir up their sympathies and place them at his command" (Goffman 1967:116). For Goffman, maintaining *face* is the critical emotional objective in social interaction. Due to the behavioral imperative of the expressive order, Goffman argues that the individual "is expected to go to certain lengths to save the feelings and the face of others present" (Goffman 1967:10). Thus, the expressive order enables individuals to enter into social interaction with the expectation of maintaining emotional solidarity with interactants.

The formal level of expectations resides at the level of the *interaction order*. While the expressive order conveys the individual's disposition in interaction, the interaction order acts as a set of ground rules for the coordination of such interaction. As Goffman discussed in his 1982 Presidential Address to the ASA, the interaction order "can be easily viewed as the consequences of systems of enabling conventions, in the sense of the ground rules for a game, the provisions of a traffic code or the rules of syntax of a language" (Goffman 1982:5). In contrast to Schütz's ideal-types, which are confined to the individual, the interaction order is *supra individual*, that is, it resides outside of the individual and inheres in the interaction itself. Of course, this raises the epistemological question of how the individual gains knowledge of the interaction order, but Goffman is not particularly instructive on this point (at least in his presidential address) and we can put it aside for the time being. More important is the notion that there is not simply *one* interaction order, but rather a seemingly infinite variety. This diversity arises from the fact that a direct relationship exists between social structures and interaction order (Goffman 1982:9). However, because Goffman emphasizes social structures, as opposed to social relationships, interaction orders are not merely situational (and infinite).

Moving to market coordination, it is just a short jump from expressive and interaction orders to social order. It is suggested that the former provide the (micro) foundation while the latter comprises the aggregate (macro) order. This would be similar to the methodological stance taken by Schütz, whose methodological individualism would assume that the aggregation of the utilization of ideal-types would lead to social coordination. Within an Austrian context, Schütz's methods put some flesh on the bone (so to speak) for Hayek's notion of spontaneous order. For Hayek, order simply arises from individuals freely contracting with one another and maximizing utility. The decisions of individuals (and households)—in response to price changes and economic trends—are linked (and aggregated) to the macro-level through a cash nexus, given the familiar term of "catallaxy" by Hayek. However, Goffman argues against such an easy micro-macro linkage. Indeed, Goffman says that "I do not believe that one can learn about the shape of the commodities market . . . by extrapolating or aggregating from particular social encounters" (Goffman 1982:9). Interestingly, Goffman has a similar concept to Hayek's spontaneous order, that is, the notion of spontaneous involvement (Goffman 1967). Unfortunately, Goffman's application of the term refers not to coordination but to the active engagement (or unengagement) of an individual in an interaction (Ostrow 1996). As such, the concept is not relevant for our discussion. What is relevant, however, is a question raised by Ostrow in his discussion of spontaneous involvement, that is, the problem of locating of "conduct in the context of existing forms of social relations that manifest certain immanent possibilities" (Ostrow 1996:349). Goffman alludes to the structure of these forms in his discussion of four statuses: age-grade, gender, class, and race. These four statuses "constitute a cross-cutting grid on which each individual can be relevantly located" and "our placement in respect to all four attributes is evident by virtue of the markers our bodies bring with them into all our social situations" (Goffman 1982:14). While this poses a fairly diffuse concept, Goffman provides some basic examples, such as the impact of the four statuses on entering into a "contemporary service transaction." One possible direction that this can be taken is that of Collins' work on "interaction ritual chains (IRC)," where thinking is patterned by the dynamics of these chains

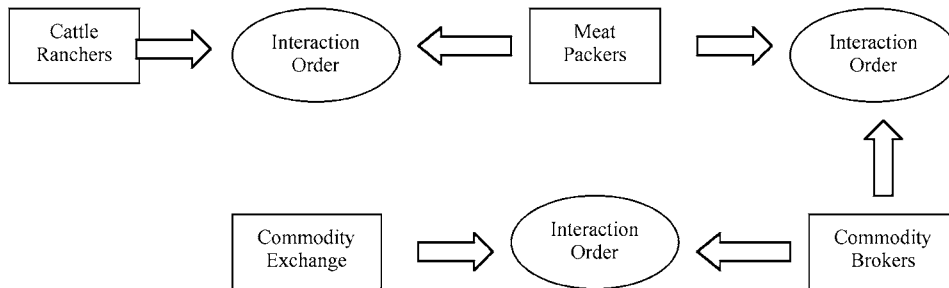


Figure 1. Interaction order chains.

which, in turn, create symbols representing group memberships (Collins 1989). Rather than the aggregation of IRCs leading to a coordinated social order, the concept is more amenable to a network approach. Collins’ approach is to build an empirical framework from IRCs among individuals, but at the level of social coordination it is perhaps more plausible to talk about chains of interaction orders. Pulling these disparate elements together, Figure 1 offers a simplified (simple) illustration of the application of Goffman’s work to the notion of market coordination. To coincide with the economic interest of the paper as well as Goffman’s own mention of the topic, the table applies these concepts to the “coordination” of the commodities market (a very simplified version).

If we choose to follow a Goffmanian path, we have reached an impasse with regard to social change—the same one found in Schütz’s work. It is (relatively) easy to explain social order; the difficulty is to explain social order *and* social change. Unlike Schütz with his notion of competing ideal-types, Goffman does not present a rigid, conflict-oriented approach to social interaction. Rather, it is much more a process of negotiation, with reflexivity built into the process. In addition, Goffman adds another layer of reflexivity on the part of the individual *outside of the interaction itself*. Essentially, this move allows us to introduce the work of Goffman into a discussion of decision making. For this move, we primarily turn to Goffman’s essay, “Where the Action Is.” While the essay is ostensibly a view into the decision making of risk takers (gamblers and such), we can plausibly expand the concept to encompass the notion of an “action” space, where the possibilities for life changing decisions emerge and are fulfilled. Within the essay, we can identify three different decision making “spaces” (see Figure 2): killing time, routine activity and “action.” The first mode is that of killing time and it is essentially those times consisting of no social interaction. Goffman gives the example of the individual who has some “free time,” and uses this time to thumb through a magazine (Goffman 1967:161). However, such “killed moments” are inconsequential. As Goffman explains, “they are bounded and insulated. They do not spill over into the rest of life and have an effect there. Differently put, the individual’s life course is not

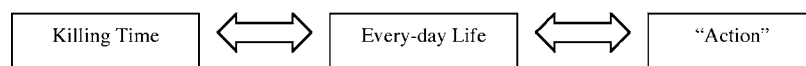


Figure 2. Modes of decision making.

subject to his killed moments; his life is organized in such a way as to be impervious to them” (Goffman 1967:162). Routine activity is what it sounds like; the ordinary business of everyday life. This mode of decision making is akin to Schütz’s unquestioned “common-sense” knowledge. As such, these two modes offer little in the way of something different from Schütz.

Initially, Goffman discusses “action” as behavior directly focused on taking chances, i.e. gambling. In this instance, action is “an occasion generated by the exercise of self-determination, an occasion for *taking risk* and *grasping opportunity*” (Goffman 1967:161). He also states that “the distinctive property of games and contests is that once the bet has been made, *outcome is determined and payoff awarded all in the same breath of experience*” (Goffman 1967:156). While action, as defined, is quite different from everyday life, Goffman argues that the *fatefulness* of decisions in everyday life (some more so than others) offers an action-like decision making space for everyday life. Fatefulness is used in the sense that “the consequence of the payoff is felt throughout the life” (Goffman 1967:160). At this point, the reader might be inclined to consider this concept to be similar to a game-theoretic framework. However, Goffman cautions that “an embarrassment of game analysis is that different persons can have quite different feelings about the same bet or the same prize” (Goffman 1967:156). Applied within his framework of social interaction, Goffman explains that “by the term *action* I mean activities that are consequential, problematic, and undertaken for what is felt to be their own sake” (Goffman 1967:185). The question is then raised as to the reason for an individual to forego routine activity and “take action.” The key to moving into an “action” decision making space is limit- or margin-pressing activity. Although Goffman refers to this in a discussion of risky or life-threatening behavior, the concept can be expanded to the cognitive level, encompassing such things as epistemological crisis or moral ambiguity. Indeed, Goffman alludes to something even more mundane: “it is the possibility of restructuring routine activity so as to allow limits-pressing that transforms routine activity into a field of action” (Goffman 1967:204). Following the gambling example of Goffman, action introduces the element of chance into routine activity, which allows for the potential of social change. As Goffman explains, “chance lies in the attitude of the individual himself—his creative capacity to redefine the world around him into its decisional potentialities” (Goffman 1967:201). It is this creative capacity that corresponds to the additional layer of reflexivity alluded earlier in this section. Finally, while Goffman argues that the action will not be normally found during the routine activity of the work-week, he does point out a number of fields that cultivate a predisposition to action, or rather promote action as ritual activity. With regard to this paper’s interest in economics, Goffman’s mention of speculative commerce as an action-promoting field brings to mind the Schumpeterian entrepreneur. In summary, a Goffmanian model of decision making is able to encompass the mundane world of routine activity as well as offering a way of understanding the possibility of social change.

Conclusion

Finally, let us turn to the broader interest in Schütz (and phenomenological sociology in general) for developing a more interpretive economics. Beyond the call for “respect for the

integrity of the social life-world when developing models and engaging in conversation” (Pietrykowski 1996:241), the commentators discussed earlier are a little unclear. Nonetheless, this interest raises two questions. First, what exactly is phenomenological or interpretive sociology? Secondly, what are the potential benefits for economics? On the first question, there are a number of sociological fields considered either interpretive or phenomenological (Kivisto and Swatos 1990). While phenomenological sociology refers specifically to Schütz and the later ethnomethodologists, both Weberian and Parsonian theories are also considered interpretive approaches (and Kivisto and Swatos also refer to symbolic interaction). The three approaches are connected in a number of interesting ways. Weber’s work on a *verstehen* approach—extending Dilthey’s concept—constitutes the initial move toward an interpretive sociology. In turn, Schütz’s approach is based on a critique of Weber’s work, and an attempted synthesis of Weber and Husserl. Further, Parsons attempted to extend the *verstehen* method of Weber in *The Structure of Social Action*. Finally, Parsons and Schütz conducted an extended correspondence regarding the Weberian method. While each approach can be differentiated in a number of ways, this shared history points to a number of similarities. All three share an interest in investigating social phenomena in such a way that does not distort the meaning of the observed individuals. It is on this point that all interpretive/phenomenological approaches share a fundamental flaw, and this is of concern to the second question raised above about the benefit to economics. Both Weber and Schütz advocated the use of ideal-types as a way to make subjective meaning amenable to scientific observation. However, as Gorman points out, “since there is no single ideal type for any instance of rational behavior, observers construct as many as they wish in order to reveal different causally related antecedents of the selected action” (Gorman 1977:16). As such, the interpretive/*verstehen* approach does not offer an empirically derived method for completing the hermeneutic circle. This becomes all too clear when we look at the practical results of phenomenological sociology. As Collins points out, phenomenological sociologists “insist that everything is locally produced, that there are no general laws at all or that the laws are simply those of conversation itself” (Collins 1994:287).

In contrast, “Goffman always stressed that social structure comes first and subjective consciousness is secondary and derivative” (Collins 1994:277). Indeed, one objective of Goffman’s work in *Interaction Ritual* was to “uncover the normative order prevailing . . . that is, the behavioral order found in all peopled places” (Goffman 1967:2). It has been suggested that Goffman provides a potentially promising approach to understanding social (economic) phenomena, one that incorporates social order and social change. Further, Goffman’s approach, at least upon a cursory review, does not seem to fall prey to the epistemological difficulties inherent in the phenomenological project. The weakness is that Goffman did not leave behind a body of empirical work (as Garfinkel did) that offers a guide for future work, nor did he leave behind a full-blown theoretical approach. Of particular concern in this forum is whether Goffman can help provide answers to questions about economic phenomena, particularly those concerned with economic expectations—such as the possibility of predicting when stock prices will approximate random walk or not. It is the work of future researchers to build and expand on Goffman’s foundation, and, as I hoped to have shown, it is well worth the effort.

Notes

1. Indeed, it might be more appropriate to talk about a New School connection rather than one to Austrian economics for the contemporary revival of Schütz. A number of the recent commentators have all had connections to the New School, where Schütz taught in the 1940s and 1950s.
2. The distinction of the entrepreneur (entrepreneurial) as the critical economic actor (economic mode of thinking) for the formation of expectations is an essential aspect of modern Austrian thought. As Rima points out, “in place of the neoclassical view of the mechanistic maximizing individual, Hayek and other Austrians try to address the formation of individual tastes and, above all, knowledge and expectations about available opportunities. What drives the market, in their view, is thus not the somewhat anemic atomistic individuals whose maximizing behaviors are a response to given price parameters, but the interaction of blood-and-guts rivals who individual plans become coordinated in the market. The role of the market is thus to mobilize and transmit knowledge. Neo-Austrians, therefore have a particular interest, as did Schumpeter, in the role of the entrepreneur” (Rima 1996:559).
3. However, Koppl does address the question of unique events in the theory of “Big Players” that has been developed in his other works. (See Koppl and Yeager 1996.)
4. Mie Augier argues for combining the work of Schütz and Shackle as a framework that could potentially explain both social order and social change (*vis a vis* Shackle’s emphasis on the novelty and creativity of choice and experience).
5. See for example Manning (1992) or Collins (1987).

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