

# Reclaiming the Streets

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## Introduction

*What pluralistic economic view did we discuss this week?*

Over the past week, Professor Stephan Panther has introduced us into institutional economics and we focused on the modern (non-neoclassical) institutionalism. To understand institutional economics is to think about how change in a specific institution can be propelled by inner or outer influences and think about the economy by understanding its system.

“The economy” is not only “the market” but also actors with different powers interacting with each other. To look into institutional economics is not (only) to understand the rule of an institution in a market scheme but also to put the market and its players itself into a broader perspective.

## What are the core concepts that we will present?

*What is an **institution** (vs. Homo Economicus as an individual)?*

The concept of “institution” proves difficult to define when we look for realities that may fit into this category: a constitution, a government, a political party, a company, “the family”, religion, language, tradition, moral, social values, shared beliefs. What is not an institution?

To Hodgson and Knudsen, “institutions are systems of established and prevalent social rules that structure social interactions”. A rule can be constitutive or procedural, and include norms of behavior and social conventions as well as legal or formal rules. By their nature, institutions must involve some shared conceptions in order to make rules operative.

According to W.R. Scott, there are three pillars on which institutions are based: regulative, normative and cultural/cognitive. These basically define institutions as a system of rules. They differ in answering what an institution means to a group and how it is related to the individuals inside it. Some of these are the basis of compliance (why do individuals follow the rules?), mechanisms of interactions (how to make individuals follow the rules?), logic (what is the purpose or reason?) and affect (how individuals are affected by the institution?). In the end, the three pillars tend to explain institutions as “systems of rules in which we live in” (regulative), “systems of rules according to which we live in” (normative) and “systems of rules which we live in” (cognitive).

	regulative	normative	cultural/cognitive
Basis of compliance	self-interest	social obligation	taken-for-grantedness, shared understanding
Mechanisms	sanctions, rewards, monitoring,	values, norms, roles	predispositions, scripts, habits
Logic	instrumental	appropriateness	“orthodoxy”
Affect	fear/desire	guilt/innocence	confusion/certainty

*What concepts allow us to understand institutions?*

### **Sociological Field Theory**

This is an attempt to theorize medium level social structures. In other words, a theory in which the interactions between social structures and individuals are not only allowed but play a central role. The core base of the field theory and the different definitions and thus understanding of field theory is that there are different actors in a field, intertwined and connected that act with each other and thus influence each other. Among some of the field theories we discussed, we present the thoughts of Jens Becker when he tried to apply the field theory to economics under the question of his paper “How Do Fields Change? The Interrelations of Institutions, Networks, and Cognition in the Dynamics of Markets”.

According to Beckert, Dobbin, Fligstein and Dauter and Fourcade, the following social forces have been identified as being relevant in explaining economic outcomes: *social networks*, *institutions* and *cognitive frames*. These three social forces act together in a field. Jens Becker puts it like this: “By understanding markets as fields, we shift the emphasis in the analysis of markets from the act of exchange to these structuring forces”. Thus markets are fields **of** social interaction **for** the exchange of goods and services.

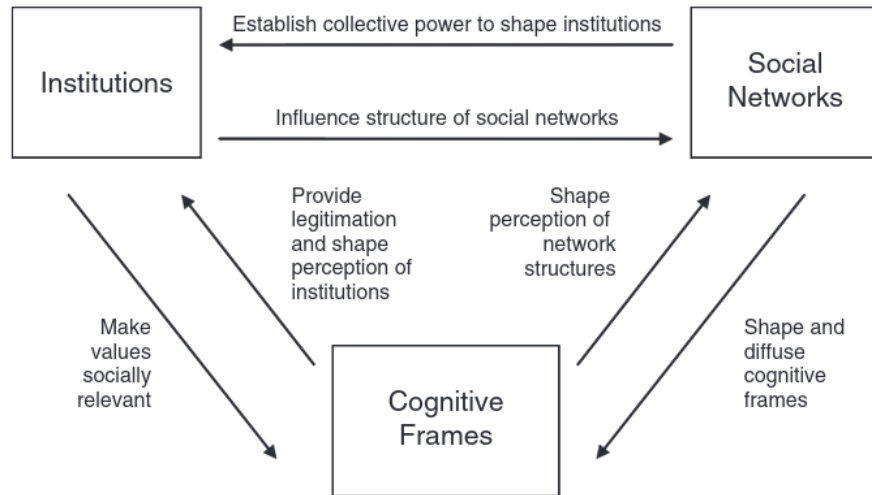
*Social Network*: position of organizations and individual actors in a structural space; the specific structure creates power differences

*Institution*: the relative force of actors is anchored in regulative institutional rules; these allow and support *certain types of behavior* while discouraging others

*Cognitive frame*: mental organization of the social environment. Similar rules can lead to different interpretations and reactions to it, thus this frame can not be neglected if a broader description of a “market” is to be fulfilled.

Finally, the following figure describes the “reciprocal influence of the three social forces in market fields”:

Figure 1:  
The reciprocal influence  
of the three social forces  
in market fields

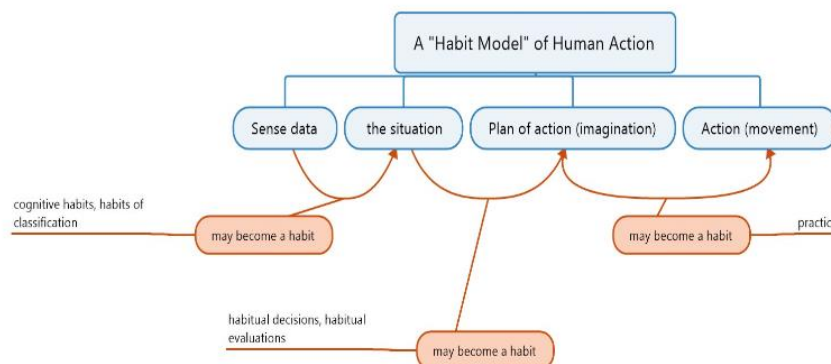


### ***Institutional Change***

How can institutional change happen? The following guideline consisting of 4 structure levels that build on top of each other should clarify the way to institutional change the way we understood it:

First, what is a *habit*? A habit is not, as commonly conceived, only something we do repetitively like e.g. brushing our teeth. A habit is a path to responding to certain events that happened to us in the past. Notice that I defined habit as being a path and not a way of responding to certain situations. A path means that there is still some variability in which way we will respond to a situation. Economically, habits play a big role. Why? We know that the model of homo oeconomicus is only a model, but one which we can mathematically model so we can give our best shot at predicting future decisions. Whether we regard it or not, habits are deeply human in the way that habits have helped us evolve in our society and survive and in which it influences almost every decision we take daily, economic decisions included. Why have habits helped us evolve? Because, in comparison to simpler life beings which only have instincts that help them react to certain situations, habits are constantly evolving in a changing world and help us adapt and also be social beings. Thus, habits are not only an behaviour, but also a mindset and a set of actions towards something.

How can habits be a motor of change? The following graph depicts it very well:



If habits are a path to responding to certain situations of the past, then starting that path is the way of creating positive action. Decisions we take now may influence a similar decision we will take not tomorrow, but 1,3 or 10 years later! The figure on the top describes the different ways a habit could be created.

Now that we defined habits and how habits itself can be a motor of change or of behaviour explanation in humans, how can habits relate to institutional change? If we think of institutions formed from many individuals, then the following figure will do us good explain what 1000 words would try to explain:

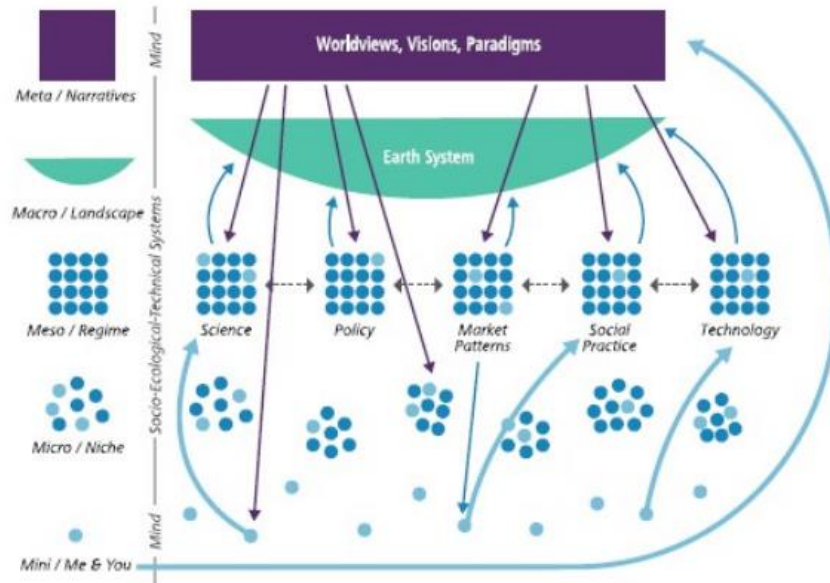


Fig. 2.6 Mind-sets in the multilevel perspective on transformations. Source Own illustration

If habits are the motor of change for human decisions then it is easy to explain that by having habits and thus by having a mindset and a path of taking decisions we influence the institutions we are part of. And these institutions are being changed, as it was presented to us in two models, by the following mechanisms:

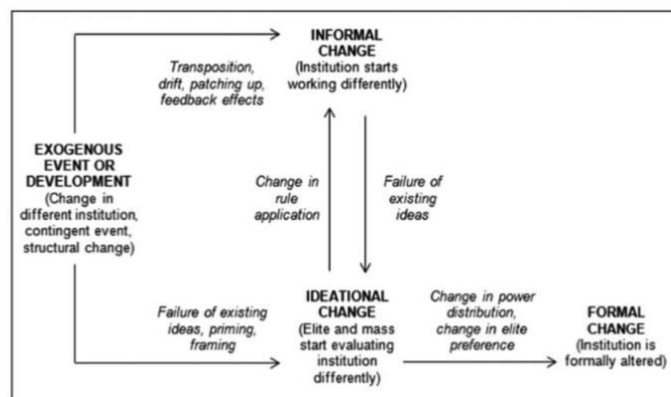


Figure 2 An integrated model of exogenous institutional change.

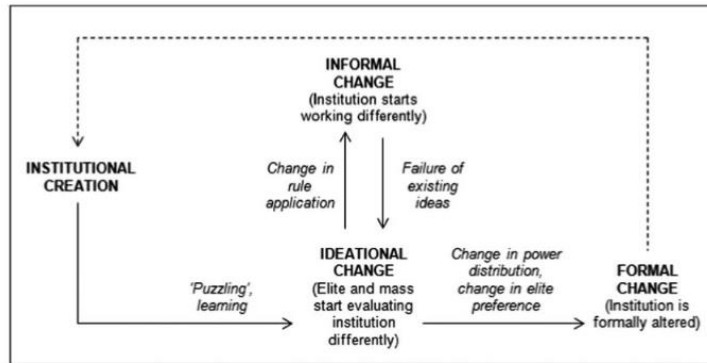


Figure 1 An integrated model of endogenous institutional change.

We developed these concepts looking at three concrete cases brought imagined members of our group.

### Communities without police

The involvement of police in all aspects of society, from needing help for a homeless person having a crisis to crimes like theft or murder, has given the police an extraordinary amount of power and put them on a pedestal where their powers are often severely abused. Internal bias has also led the police to harass and target - often rather violently - marginalised communities and incarcerate them more, thus creating a system riddled with bias and oppression.

Here we look to make a massive institutional change by abolishing the police and instead using the potential of community relationships to take control of various aspects of society. One such way to do it is by creating community centres that offer after-school activities, tutoring, counselling and trauma services, anti-violence programmes, etc. This will have a direct impact on the school-to-prison pipeline phenomenon of young kids from disadvantaged backgrounds having a higher chance of being incarcerated. Another is introducing similar community-led initiatives such as an increase in professionals trained in mental health and drug-related issues and restorative justice programmes; this will allow for ex-convicts to rejoin society after serving time and help those struggling with drug-related addictions to get professional help instead of being imprisoned. These initiatives reduce the involvement of police in every aspect of our lives and instead contribute to better living by decreasing the crime rate and increasing economic participation in society.

### People's pharmacies in Chile

Until 2015, Chileans accessed medicines by buying them in a heavily concentrated market of retail pharmacies and public hospital pharmacies with a limited catalog and geographical coverage. As a consequence, many Chileans incurred excessive expenditures or even lacked access to required drugs. In this context, the municipality of Recoleta - a working class district of Santiago - under the administration of its communist mayor, Daniel Jadue, created the Farmacia Popular (People's Pharmacy) which, through a system of subsidies allows substantial expenditure reductions for Recoleta neighbours by importing drugs and buying directly to national laboratories. Their success and popularity made mayors around the country to imitate the initiative. Today, more than 140 people's pharmacies are distributed among 91 out of 345 municipalities. In a country where the provision of health care and other essential services rely heavily on corporations, people's pharmacies not only reduce families' financial stress but also benefit from and feed back into a broader dispute for social rights.

### *Increased Biking infrastructure*

Due to the Corona crisis, the traffic decreased massively on the streets. It seemed like a perfect time, in accordance to climate action, to support bike infrastructure. Additionally an event, also promoted by the City of Dresden, [took](#) place, with the aim to cycle collectively (as city and organizations) as many kilometers. There was little to no additional activities, e.g. putting up pop-up bike lanes as happened in other big German cities. Bikes have not played a relevant role as a transport mode for many years, beside young people and students. Public beliefs and behavior had settled in over time that cars are the most viable mode of mobility.

With the rise of the climate crisis, bike mobility has gained significantly, and a few years ago a bike representative was installed in the city in order to channel the activities and support a direct contact for bike-related topics. Based in the department of street infrastructure this person has little formal power, especially as the department has adapted as a whole a habit to favor cars over bikes or (often) pedestrian infrastructure. Besides the aforementioned actors, public and funding regulations shape the context and boundaries of the social field that all players find themselves embedded.

Changing the behavior of actors in established “social fields”, even as the goals and benefits (cycling benefits public health, reduces noise and accidents, lowers the investment for street infrastructure

The question is - in which ways can established social fields be changed in a planned way?

### **How can the theory be applied?**

*What do we mean by “reclaiming the city”?*

All our cases are based on communities and their movement to take back control of the city - from introducing bike infrastructure on roads occupied by cars, for affordable health care and medicine provision from a pharmaceutical industry controlled by for-profit corporations, and using community relationships to reduce crime and incarceration rates by abolishing the police force.

Using sociological field theory we can recognize how the following three social structures influence the fields of “the city”:

**Social Networks:** to reclaim an aspect of a city (be it through local pharmacies, bicycle infrastructure, or abolishing police) there is an interest of the community to change something for the community itself. The (in the best case) upcoming change cannot, however, only be reduced to the interest of the community. Political and state actors (such as police) or business actors (such as pharmaceutical companies seeking profit) are also social actors that influence the outcome of ideas and also prices.

**Institutions:** to reclaim the city in each of the analyzed cases, institutional change is needed. This change may come from inside or it may also be enacted by an exogenous source. A formal institution such as law would have to change in abolishing police; regulations for new biking tracks may have to be put in place. Nevertheless, even if an institution itself doesn't change, the way it works may change if this one starts fulfilling a new function, such as how Farmacias Populares were born in Chile in the existing legal framework but, by working differently, changed the provision of drugs by conceiving the health of the community as a priority.

**Cognitive Frame:** When the cognitive frame of an actor changes, change in the existing networks and/or institutions may be sought, and it may be successful when the new ideas gather enough support, even when opposed by the existing social structures. When the community realizes that the police are oppressive, it becomes evident for them that the purpose with which the institution was conceived is no longer fulfilled and this space must be reclaimed. If health is understood as a right and not as a profitable business for big pharmacies, there is a change in the perception of how drug provision should be run. If it is recognized that public space is to serve the inhabitants of the community, it must do so by ensuring safe infrastructure for different means of transportation, such as bikes.

## **Conclusion**

There are numerous ways in which we could improve society and our way of life, while reducing a lot of problems, by simply shifting power from the governments and industries to the small businesses and the people that form these communities. Through our analysis of critical institutional economics, we can conceptualise our cases through the field of power and structures we are moving in, the way change can be inflicted, and “hidden agendas” and unknown (to outsiders) regulations/rules.

Now more than ever, while the importance of such communities is still sky-high, there is a need to analyse how best we can take advantage of the potential of people power and build a better future.