

PART I

EFFICIENCY AND FREEDOM

In this part of the book we will explore the nature of the American economy. This is essential for any systematic examination of contemporary American society, both because the economy has such a big impact on people's lives and because it plays a profound role in shaping many noneconomic aspects of social life. This means that we will enter a domain of inquiry that is usually dominated by the concepts and theories of economics, not sociology. The economy, however, is too important to leave to the economists. The discipline of economics has much to teach us – and we will draw on certain key ideas of economics in these chapters – but it also has many very deep blinders, so we also need a sociological analysis of the economy.

Our primary goal in these chapters is to understand how the capitalist economy in the United States really works and how it contributes to the realization of two key values closely associated with economic institutions – efficiency and freedom. We will begin in Chapter 3 by elaborating in more detail precisely what is a capitalist market economy and then discuss the central moral and empirical arguments in favor of capitalist markets. Chapter 4 will then criticize these defenses of capitalist market economies and indicate ways in which this way of organizing economic life, in the absence of effective forms of market regulation, hampers both freedom and efficiency. Chapters 5-8 will then examine specific economic problems in American society – the environment, transportation, health care, consumerism, and skill formation – and show how the over-reliance on capitalist markets in the American economy produces inefficient outcomes. Chapter 9 concludes this part by outlining a range of institutional innovations which might contribute to resolving these problems.