

REVIEW ESSAY

Tony Lawson, economics and the theory of social positioning

Tony Lawson (2019) *The Nature of Social Reality: Issues in Social Ontology*. London: Routledge 266pp. PB ISBN 978-0-367-188931 \$35/£29.99

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Tony Lawson's latest work *The Nature of Social Reality* is an unusual read from the standard point of view of an economist, but nonetheless one fully worth the effort. Why this is so requires some extended discussion of context, providing a narrative that explains the development of his thinking.

Lawson's "ontological turn" and "reorienting economics"

Lawson has come a long way since his early work on industrial decline in the UK (Kilpatrick and Lawson, 1980; Lawson, 1982). Today, he is best known as a critic of mainstream economics, but not just this (see Pratten, 2015). As Edward Fullbrook (2009) notes, his work effected an "ontological turn" in the methodology, philosophy and history of economics, and his broader project has focused on "reorienting economics" theory, methods and practice. Prior to Lawson's *Economics & Reality* (1997) and *Reorienting Economics* (2003) the methodological terms of debate for economics had been dominated by appropriation, application and discussion of the relevance of philosophy of science to economics: matters of positivism, empiricism, verification, confirmation, paradigms, scientific research programs and so forth. Whilst not repudiating the general relevance of these foci, Lawson cut across them as sources of concern.¹ His driving questions have been deceptively simple:

1. What must we take the social world to be like in order for the way we construct theory and pursue method to be appropriate as ways to interrogate reality?
2. Whilst acknowledging the context issue of transience and fallibility of knowledge, do theory and method conform to or sit awkwardly with what we think we know about the way reality is?

According to Lawson, mainstream economics has suffered from persistent "explanatory failure" because economists rarely ask question 1 and have evolved a general approach that, in terms of question 2, does in fact sit awkwardly with what we know about the way reality is (Lawson 2015). This becomes most obvious in periods of crisis, but is notable in any time and place where relative stability in patterns of behavior breakdown (Lawson 2009). The principal reason for this is that economic theory and method adopt positions that translate an interest in patterns into a focus on or a convergence to some typical or stable situation and this has involved, in different ways, a set of "closed system" characteristics. This is most obvious in

¹ Though to be clear, realism as a general philosophical position is similarly critical of positivism and empiricism, and is attuned to sociology of knowledge effects on the theory and practice of economics (paralleling Kuhn and Lakatos); but given that complex causal processes produce variety in outcomes or events, realism places less reliance on inductive-informed regular outcomes or given patterns as sufficient explanation that can lead to nomological "laws" and it questions whether falsification can be adequate as a test of knowledge credentials (if outcomes can be irregular). For recognized mainstream issues of testing and replication see Hoffler (2017) and Ioannidis et al (2017).

formal mathematical theorems or proofs of theory and in modelled applications, such as econometrics, which require two closure conditions and a third facilitating condition to pertain, though most economists today are unaware of the conditions in their most basic form, since they are now embedded in practice – becoming matters of axiom use or discussion of technical aspects of methods (for example, Lawson, 1997, pp. 77-81):

1. Extrinsic closure: there should be no unelaborated conditions or influences, and so the theorized “system” contains all relevant variables and is “closed off” from other interference i.e. the system is isolated;
2. Intrinsic closure: the isolated system should behave consistently in its internal state; behavior is coherent and behavior repeats.

Characteristic 2 is most easily produced if behaviors are individuated and this depends on “atomism” (separation, i.e. after the isolation of the system there is an isolation of its parts). Furthermore, for some significance to be attributed to this (the repetition of behavior or outcomes, the prediction of future behavior or outcomes) then a reduction is required; i.e. an assumption that the atomistic relation is determinate, repeated and *will be* reproduced.² These two characteristics, however, typically require a further characteristic be applied. Characteristic 1 and 2 essentially create an unstructured structure, but the point of theory is to demonstrate some set of relations and the purpose of applications is to test or reproduce that relation set. As such, what is additionally required is (and this should be familiar to any economist conversant with equilibrium or with DSGEs or the fundamentals of economic models in general – for example, imposing conditions for “well-behaved” data and assumptions regarding “data generating processes”, such as stationarity):

3. The aggregation condition: a set of restrictions that result in combinations or composition that lead to or converge on outcomes, i.e. that ensure stable responses.

For Lawson, the fundamental problem here is that economic *theory* has been formulated in accordance with event regularity, whilst economic *applications* have overwhelmingly focused on identifying and predicting such event regularities. The point, however, is that regular-as-law-like outcomes are deemed to be basic to the scientific credentials of economics. Yet, socio-economic reality is *not* law-like in event or outcome terms, and a focus on regular-as-law-like outcomes tends to neglect appropriate focus on the *real* conditions that produce observable relations and events. Hence, “explanatory failure”, and whilst these fundamentals remain, hence *persistent* explanatory failure (Lawson, 2017).

In essence, critique of fundamentals identifies a fundamental problem and the identification of a fundamental problem is always controversial and provocative. The mainstream response has been *ad hominem* attacks or silence. Lawson’s project has perhaps been more effective in explaining the mainstream rather than changing it. However, fundamental critique is not easily channeled to only *one* part of a discipline, such as the mainstream and this has been the case with Lawson’s original intervention. Once his critique of closure (the “ontological turn”) began to percolate through the discipline it started to draw selective attention and invite positive comment. This has been most notable among economic philosophers and methodologists (see for example, Syll, 2016; Syll and Morgan, 2019; Davis and Morgan, 2018). Advocates of economics that categorize themselves (or have been categorized by

² So, theory that conforms to methodological individualism, for example, may be both atomistic and reductive.

others as) outside the core of the mainstream have also found Lawson's work attractive, on the basis that they have tended to be more attuned to history and philosophy of the subject and were often already in opposition to the dominant "neoclassical" strand of the mainstream.

Lawson's work has produced a different kind of provocation for non-mainstream, alternative or "heterodox" economists, albeit based on the same initial fundamental critique. The critique of closure has also been an invitation to self-critique and in inviting economists to address his two driving questions, Lawson has essentially encouraged *all* economists to ask the further question: to what degree is the critique relevant to my/our work (rather than is merely useful in targeting the economics with which I disagree)? For non-mainstream, alternative or "heterodox" economists, candid assessment has not always proved to be convenient, and this perhaps explains Lawson's somewhat fractious relationship with them, despite that he is also acknowledged to be an important source of ideas for proponents. In any case, candid assessment confronts a number of conundrums, not least because there is some degree of ambiguity or at least nuance regarding the nature of closure and what the problem for *all* economists is; avoiding construction of theory and use of methods that *in some sense* fall foul of Lawson's critique has not been easy over recent decades – given that *most* economists have a disciplinary training and have been required to pursue careers in economics as a discipline, and so have been encouraged (and socialized) to develop their own work in a format that is recognizable *within* the discipline, perhaps, though this is a matter of dispute, despite their broader school of thought affinities and oppositions.

Still, though Lawson's critique of closure may be universally unsettling, quite what the implications are is not as simple as might initially appear. To reiterate, for Lawson, closure conditions have nuance. The critique has been broad based, if one considers what "regularity" might mean. In primitive form, regularity means some version of "whenever x then y"; but this *whenever* can extend across a number of possibilities: regularity need not mean absence of variation, nor does it necessarily mean single definite outcome; it can mean "normal" behavior, convergence, cycles and other ways of defining fully determined or stochastic systems. In context, Lawson's underlying point has been that in economics outcomes are *fixed* (as regular) and the form of "fixing" seems awkward when one considers the nature of human being and human systems. Moreover, the main concern of economics has been with outcomes rather than real causes and this has been used to justify the form of fixing (its assumptions and tools etc.). For Lawson, the fundamentals in their various guises (the explicit or implicit ontology) contrast with an observed reality of structured historical process or "open systems".

In this observed reality of historical process ("real historic time", as some economists refer to it in contrast to abstract periodized time), we often seek some degree of security and create grounds for stable behaviors (through organization, law, regulation, convention and habit, since much of the point of society is to make possible our activity, to shape the world we live in for given purposes, based on individual or collective planning and goals), but we do so based on situations that are culturally diverse and where degrees of reflexivity can always be applied to organization, law, regulation, convention and habit.³ Such a system evolves through cumulative causation – a perpetual *potential* for shifting and transformation of social reality. It is always possible to break out of the bounds of how things are usually done, and unintended consequences may simply undermine how things have typically turned out in the past. It is for all these reasons that for Lawson the answer to his second driving question (do

³ For an account of process see da Graça Moura (2015).

theory and method conform to or sit awkwardly with what we think we know about the way reality is?), is “yes” it sits awkwardly. The basics of theory and method encourage economists to attend to the wrong things in the wrong way.

However, there has been more to Lawson’s critique and its reception than one might expect, despite its fundamental nature. If there is nuance to the nature of regularity, equally there is nuance in how one situates theory and method in terms of the actual degree and significance of closure, once one acknowledges that there *are* ontological issues to address. This is no more than a subset of the issue of pluralism (for issues of pluralism see Fullbrook, 2016, 2008). Even a “structured pluralism” that rejects an “anything goes”, which otherwise extends a desirable “epistemic relativism” to a self-defeating “judgmental relativism”, clearly has scope for reasonable disagreement regarding closure. For those who have taken the time to consider the issues (philosophers, methodologists, engaged non-mainstream economists), there have been at least three arising issues in terms of which reasonable disagreement has been pursued:

1. The degree to which extrinsic closure is a *necessity* of theory (something that any adequate theory should work with and allow for, rather than should deny); a key issue has been what, if anything, makes economics more or less distinctive in terms of this condition?
2. Whether, in fact, different theory and methods *do* fall foul of intrinsic closure; for example, does it apply equally to non-linear formulations, does it apply to endogeneity and path-dependent “evolutions” or versions of econo-physics or complexity theory?⁴
3. What difference does a self-aware use of methods (recalling these are techniques) with clearly understood limitations make, if placed within a sophisticated methodology (highlighting that a methodology is the overall frame of reference, attitudes and practices one brings to the use of methods)?

For example, whilst remaining broadly sympathetic to Lawson’s concerns, both Uskali Mäki and Nancy Cartwright make much of the extrinsic closure issue, albeit not necessarily using this terminology. Mäki distinguishes “realism” and “realisticness” as foci and explores the nature of economic models as one version of the necessity to simplify reality in order to interrogate it. Here, based on his original tenets, Lawson might respond that there is a danger of misdirection or obfuscation regarding the fundamentals of theory and method – there is, for example, a major difference between articulating a theory or keeping a mental model at the back of one’s head (to use the original Keynesian phrase) and specifying a model whose primary constituents begin from known falsities, merely in order to expedite the formal specification.

Reference to Keynes, however, highlights a key facet of how Lawson’s work has evolved in response to how it has been received. In his early work, he drew heavily on founding figures from schools of thought and this perhaps was partly because founding figures tended to explicitly discuss matters of methodology, and so are eminently quotable in making a case for ontology, but it is also likely because rooting his work in theirs provided a useful authoritative point of departure that facilitated achieving a readership.⁵ Over the years, however, Lawson

⁴ For example, for the issue of complexity see Davis and Hands (2020).

⁵ Lawson, of course, still draws on early key figures but not in quite the same way or with quite the same frequency.

has responded to the reception to his work in two ways. He has developed a number of concepts and alternative methods that build on his commitment to open systems. For example, demi-regs, contrast explanation, and his Population-Variation-Reproduction-Selection (PVRS) model or system (for example, Morgan and Patomäki, 2017). And he has pursued the argument that heterodox economics is united by more than opposition to the mainstream on purely theory or political grounds (Lawson, 2006). It is united by implicit commitment to the ontology he advocates: real historic process or “open systems”. According to Lawson, this is embedded in the main methodological works of key figures in heterodox schools of thought. As such, contemporary advocates compromise their own founding commitments when they adopt closed system approaches – there is, returning to Lawson’s two driving questions, a “mismatch” between (new) theory and method and what we think we know about the way reality is (Lawson, 2013; 2015).

Again, the point has not been unequivocal. Once the closure critique is recognized, perhaps the most contentious issue has been the nature and role of mathematics and analytical statistics in economics, since this is closely associated with the development of the modern mainstream (from marginalism to Samuelson and so on in the popular narrative) and this for Lawson (mathematical modeling – the relentless focus on “formulation”) epitomizes the fundamental problem of economics. However, many non-mainstream economists use mathematics, analytical statistics and continue to model and this raises a variety of questions rooted in the three areas of reasonable disagreement already stated. For example, can one symbolically encapsulate a system as an abstraction, rather than based on falsely posed idealized axioms (see Fullbrook, 2019)? Can one explore data patterns and their breakdown to empirically support theory that refutes irrealist forms, such as perfect competition (for example, Shaikh, 2016; Patomäki, 2017)? Can one knowingly use closed system based analytical statistics to trace out part of a problem for further investigation and as one constituent in mixed methods (see Olsen and Morgan, 2005)? Can one adopt an “Open Systems, *ceteris paribus*” strategy (OSCP), looking for periods and places of relative stability (Setterfield 2016)? Can one match institutions to some period of relative stability in outcomes (see Nell and Errouaki, 2013)? Does the breakdown of relative stability based on the performative purpose of institutions act as a useful signal when properly contextualized (see Nasir and Morgan, 2018)? Can one demonstrate that there are some few real regularities at a totalising systemic level (Brown, 2014; Shaikh, 2016)?

To be clear, Lawson is not anti-mathematical in any knee-jerk, ill-informed or pejorative sense. His first degree was in mathematics and he has spent decades teaching econometrics at Cambridge, UK (see Morgan, 2016). His point has been that theory and method have basic ontological problems built into them and theory and method have adopted mathematical (and analytical statistical) forms that reproduce those basic ontological problems. These have co-evolved, reinforcing each other, though the adoption of particular mathematics is not the *only* reason that economics is as it is (its history and political economy are more complex). At base, Lawson is deeply skeptical regarding the *unthinking* default to mathematical expression, as if merely the use of mathematics made economics a science, and is critical regarding the overwhelming appropriation of resources for related research (as though this was the best economics had to offer). Still, Lawson continues to make the important point that it is all too easy to apply the fundamental critique to others’ work and provide justifications for one’s own that treat that work as some exception. The ongoing issue remains whether this *is* the best economics can offer, whether resources should be applied to other forms of research and whether much of the justification is simple self-serving and obfuscating self-delusion because of socialization and the need to conform to the career strictures of the discipline (on

the role of mathematics, see, for example, Mirowski, 1991; Weintraub, 2002, 2004; Pratten, 2004a, 2004b; Velupillai, 2005, 2007; Davidson, 2014; Katzner, 2014). The diplomatic response at the moment is that it remains an open question, one that Post Keynesians, Original Institutionalists and so forth respond to differently at the level of theory, and where there does seem to be a difference between these and the mainstream even if it is not always easy to suggest what that substantively is. Though mainstream economics claims to have undergone a “credibility revolution” and to be in a “post-formalist” period of significant innovation and diversity, it remains parlous in theory and mainly committed to use of mathematics to express that theory and use of analytical statistics as method to test it (compare Angrist and Pischke, 2010; Caballero, 2010; Boylan and O’Gorman, 2007; Blaug, 2003).

Lawson is not responsible for the state of the field but he is an important figure in reminding us all that we should each take responsibility for our own role in contributing to the state of the field. All he can do is offer argument, which economists are free to address and adopt. His major and enduring contribution has been to require economists to take seriously the issue of justification, to take seriously their own and others’ implicit and explicit ontological commitments – heterodox or otherwise (see Jo et al., 2018; Lee and Cronin, 2016; Morgan, 2015a). What it means to be “serious”, of course, brings together sociology of knowledge, personal ethics and matters of justification of theory and practice in the here and now. As provocation, Lawson’s work stands in contrast to the more evasive if popular work of people like Dani Rodrik (2015), whose argument reduces to: “we have a suite of models and select the most appropriate, whilst innovating as new data becomes available”, an argument which translates into “this *is* the best that can be done and we are doing the best that we can...”. This is simply sophisticated confirmation of the status quo, and given the way economics continues to violate its own precepts (see Hoffer, 2017; Ioannidis et al., 2017; Morgan, 2019, 2015b) and its inability to provide consensus on the explanatory success of economics (rather than imposed consensus on what the mainstream will designate as legitimate economics) his position speaks to scientism rather than explores the fundamental problem of what is appropriate science.

For Lawson, an appropriate social science works with rather than against how we think reality is. This serves to make sense of the evolution of his work from *Economics & Reality* (1997) to *Reorienting Economics* (2003), which identify the problem of closure, contrast this with an ontology of structured historic process and offer alternative concepts and methods, to *Essays on the Nature and State of Economics* (2015), which generalizes his critique and reaffirms his invitation to all economists to consider the nature and consistency of what *they* do. Lawson, of course, like everyone else, is ultimately responsible for what *he* does, and to his credit (if not always to his benefit) he has sought to consistently develop his own work, moving on without repudiating that work. From Lawson’s point of view, adequate study of economy is based on a social science division of labor and not on a different ontology. This division, however, is permeable, and so it is a relatively small transition to start to work more broadly on the nature of social reality and to place economic phenomena within that context, and this is what Lawson has increasingly done over recent years, culminating in his recent *The Nature of Social Reality* (2019a).

Lawson and the theory of social positioning

The Nature of Social Reality (2019a) introduces Lawson's theory of social positioning, or rather provides an extended opportunity to lay out and explore facets of that theory, given that it has been gradually developing over years of discussion with colleagues in Cambridge (so whilst it is Lawson's theory, it is also to some degree a product of collective effort). There has been a Cambridge realist workshop since 1990, and in 2002 some of the regular participants (periodically joined by visiting scholars) formed a Cambridge Social Ontology Group (CSOG). This group meets regularly and engages in Socratic style dialogue in which they explore some designated subject matter, according to the question "what is the nature of x?".⁶ So, money, technology, the firm and many other subjects have formed the basis of discussion over a number of years, and through this discussion a social theory has been developed that informs how such subjects are explored and what in general is said about them. As such, the theory has evolved and provides a kind of broad interrogative methodology. As I understand it, the methodology/theory is not intended to be a replacement for economic theory or other methods and research; it is rather a way to engage with primary issues of social ontology, which provides another perspective, an original way to think about some of the fundamental characteristics of any given phenomena, including one's we consider to be "economic".

As social ontology, Lawson's theory of social positioning is rooted in philosophical realism, but in published form its main foil has been the work of John Searle, and this is clearest based on an early essay comparing and contrasting Searle's and Lawson's work (initially Lawson 2012), which is reproduced as an initial "general conception" at the beginning of *The Nature of Social Reality* (see also Lawson, 2016a). Searle has been one of the most significant philosophers of the last 60 years – and is famous for his work on Speech Acts, his Chinese Room refutation of functional behaviorist theory of the mind (*inter alia* undermining the adequacy of the Turing test of AI consciousness), as well as more recently for his work on constitutive rules, institutional facts and the construction of social reality (for example, Searle 2010). Searle considers Lawson a serious philosopher and not just a dilettante who has extended beyond his own area of expertise, and whilst he does not agree with all aspects of Lawson's work (for example, Searle, 2016), this at least provides some good reason to read Lawson with an open mind on matters of general social ontology as philosophy (if any were needed – there are I suspect few other "economists" whose work gets referenced in journals such as *Synthese*).

In setting out his social ontology, Lawson first distinguishes between socio-philosophical ontology (the general case of how social reality is constructed and reproduced) and socio-scientific ontology (specific "existents"). In keeping with his previous work, he affirms that social reality is essentially a "totality"; a complex, differentiated, often collaborative yet also contestable, divisive, conflictual and competitive *evolving* totality: a structured historic process. This reality is "social" in so far as it "comprises all those phenomena whose existence depends necessarily on us", and it is real in so far as it makes a difference to what we can do and how we do it, yet "exists only in being reproduced and/or transformed through the sum of our individual practices" and where "each of us, when we come to act, find this social reality to be present and given to us", which we draw on in order to act (to some purpose, to which the whole cannot be reduced and based on the possibility of error, ignorance etc.; Lawson 2019a: 11). Social activity occurs within this frame and any given

⁶ Participants, however, are quite diverse (recently, for example, Bacevic, 2019; Derbyshire, 2019; Aydin et al., 2018; C. Lawson, 2017; Elder-Vass, 2016). For a Cambridge tradition see Martins (2014).

activity has a context, and social positioning is the collective term Lawson uses to designate “the way it all comes together” (Lawson, 2019a, p. 12).

To anyone familiar with philosophy and theory of the social, Lawson is clearly working with a longstanding problematic: is, and if so, in what sense, can society be *real*, in what sense does it depend on us, what kinds of things has it allowed us to do (that are “social”), how do we do those things (in what specific contexts and how do these fit into larger frameworks or contexts), to what degree are we restricted in our scope to affect this social reality and so forth. This is most familiar as the agent-structure problem (well known to Marxist philosophers), but is broader than that and has inspired a variety of theory positions (critical realists, such as Margaret Archer (and to some degree Lawson), structurationists, such as Anthony Giddens, field and habitus theorists, such as Pierre Bourdieu, systems theorists, such as Niklas Luhmann, social constructivists in the tradition of Peter Berger and Thomas Luckmann, or along Searle’s lines, work on constructivism in the post-structuralist tradition, Actor Network theory, more recent work by “new materialists” and so on and so on). Lawson, as noted, mainly uses Searle as foil, but it is important to emphasize his combination of concepts and his claims about them (“the way it all comes together”) are original and comprise an original theory.

There are several generic components or concepts that are basic to the theory of social positioning (Lawson, 2019a: pp. 12-18, 31-73):

- **Emergence:** organized combinations of people and artefacts create contexts that have irreducible properties in virtue of how they are organized, and ultimately the totality of social reality is an evolving variety of these “emergents” (as sub-totalities, creating a complex interconnected and in some ways nested social reality);
- **Community:** a generic term for a specifiable subset of society that is in some sense organized; people and artefacts take up (occupy, are assigned) “positions” in communities;
- **Positions:** these are typically purposive (exist for some reason, though this is not the same as suggesting that social reality is primitively functionalist); positions are usually named (have designations) and facilitate the formation of social identities and may involve associative markers (passports, wedding rings etc.); occupants typically have pre-existent characteristics or capacities that enable or fit the position, but are also granted additional powers or capacities in virtue of the existence of the position;
- **Rights and obligations:** these are “positional powers”, i.e. what one can do and what one is required or encouraged to do in virtue of occupying a position; they are constitutive of the position, but are also “other-affecting” and are typically “matched” (a mutual “I in terms of you”, and corresponding “me in terms of it”).

These initial concepts can appear highly abstract. They may also appear to be, as conveyed here, overly simplistic and somewhat inert. However, this is not the case. Limited descriptive reference to concepts is not argument that explains or justifies those concepts and can be misleading, since it invites the reader to draw inferences and fill in gaps that may not exist. It is through argument and development of the stated concepts and through supporting concepts that the whole becomes a sophisticated coherent theory of social positioning. Most importantly, the theory is given nuance and cohered with the general commitment to process by Lawson. So, there is always a historical explanation to the emergence of any community and its positions and powers (rights, obligations etc.). Communities have a degree of

coordination and endure, but also reorganize. Moreover, the concept of position carries a variety of possible characteristics: some facilitate others, some provide checks, some are interdependent, but all involve recognitions (and typically acquiescence, if not agreement, regarding rights and obligations). For Lawson, some form of “trust” is also fundamental, since trust provides a social glue that facilitates activity (the I to you, the me to it etc.). And it is through interaction that the whole is given life in its parts, so community activity is essentially “relational” and the form this relationality takes can be interrogated according to the way “practices” are influenced and pursued. This provides great scope to explore rules, habits etc. and for Lawson there is (and this is basic to thinking of powers as rights and obligations) an intrinsic “normativity” to community, positions and practices. This is explored in one way or another in all eight chapters of the book, but it is in Chapter Eight that perhaps the most important general significance of this is set out. Ultimately, every community is also a “moral community” and every agent is potentially an agent of constructive social change – a claim that speaks to sentiment expressed by George Elliot (writing of Dorothea) at the end of the novel, *Middlemarch*: “for the growing good of the world is partly dependent on unhistoric acts; and that things are not so ill with you and me as they might have been is half owing to the number who lived faithfully a hidden life, and rest in unvisited tombs”.

I would suggest, then, that *The Nature of Social Reality* is not simplistic, but it does provide a versatile framework to investigate social “existents”, free of unnecessary neologisms and the kind of forbidding weaponisation of language that can make some variants of continental philosophy unappealing. In order to fully appreciate this one needs to read the book. However, given *Real-World Economics Review* is an economics journal and intellectual curiosity may not be sufficiently persuasive as a reason in that context, it is also worth noting that the book’s substantive chapters, exploring specific instances of social positioning, are mainly focused on traditional economic phenomena. This is hardly surprising, since Tony Lawson is the author. What is interesting is that taking a social positioning point of view provides novel insight into longstanding areas of neglect and of dispute. In terms of the former, though economics has a theory of the firm (the theory of “market structure”, building from Marshall or from the categorizations set out by Roy Harrod, George Stigler etc.; or the work of Coase etc. on why firms might exist), it has paid relatively little attention to the nature of the firm, at least in the ontological sense that motivates Lawson (and which forms the basis of Chapter Three and Chapter Four). In terms of the latter (dispute), economists have been divided over the nature of money (credit, commodity etc.) for as long as the subject has existed and Lawson applies his theory to this in Chapter Five and Chapter Six (see also Lawson, 2016b).

Key to applying Lawson’s theory of social positioning are a series of questions and these are as deceptively simple as his original guiding questions were for the “ontological turn”: What is the relevant community and within it what is/has someone or something been positioned to do, how has this arisen and what rights and obligations (in the case of people) or system functions (in the case of objects, artefacts, social technologies) are fulfilled in or carried by a position, in what sense are these matched (what relations do they *relate* to) and how might they be explored as normative practices (and how might we judge these)...

In the case of the firm, Lawson argues that it and its incorporations form a community (with internal positions etc.), but that in a nested sense the firm itself is positioned, and has through its incorporations acquired legal personhood (through historic accident in the case of the UK, but because this proved functionally effective and politically persuasive-influential, the form has endured, spread and evolved). Legal personhood is a designation that has conferred

rights on corporations as parts of a firm, but the law works with useful fictions and that fiction has not been matched by real capacities of the firm (consciousness, conscience etc.). This has facilitated a pathological evolution of the firm, since the positioned practices of CEO, boards, governance etc. can work towards irresponsible activity and social harms and these positions do not constitute sufficient mechanisms to prevent these outcomes by firms – they are in a sense “out of control”. For example, many multinational enterprises are systematic tax avoiders.

Clearly, though Lawson is correct to suggest economists pay little attention to the nature of the firm, it is also the case that much of the material he covers will seem familiar to any reader. It is also discussed in different ways by business and economic historians, legal scholars, and by adherents to critical management studies, political economists and activists. But that is not really the point, the originality of Lawson’s work is not in being the first to notice that firms have no conscience, or that systemic interests in a capitalist economy can encourage those positioned within a firm to pursue known harms, even if there are some benefits to the existence of corporations: shareholder value theory and its critics, the discourse of corporate social responsibility etc. are decades old and critical political economy (from Marx to Polanyi) is older still. Lawson is not claiming originality of subject matter, he is rather demonstrating the originality of looking at the problem differently, bringing a systematic ontological type of inquiry to bear.

It is in terms of the concept of money that the value of rethinking a subject based on a different perspective of systematic inquiry is best illustrated in *The Nature of Social Reality*. Unlike the firm, money is an issue to which the question, what is its nature, has often been asked. However, much of that inquiry has overlapped with questions of how money is created, what functions it fulfils in an economy and what are money’s historic origins. None of these are irrelevant to what money “is”, and clearly form part of any relevant discussion of money as something that is positioned, but these questions are different in form than the primary question regarding the nature of money as something that *comes to be* positioned. For Lawson, there is a subtle difference between a credit theory of money, which implies money is and can only be credit (is derived from forms of credit and operates only as a credit-debt relation), and a theory of credit money, which implies contemporary money is positioned out of some forms of credit, but did not need to (everywhere and always) be positioned out of some forms of credit. Moreover, for Lawson, a positioning theory of money (the application of social positioning to money) places the greater emphasis on features of the community rather than the credit-debt relation feature of money in operation, it reveals that money is a “positioned item of trust” as a form of purchasing power and as a means of payment.

Lawson’s subtle distinction between credit theory of money and a money theory of credit (based on a positioning theory of money) has been subject to a variety of counter-arguments. Searle (2017), for example, focuses on the nature of electronic money, whilst Peacock (2017) and Ingham (2018) reassert credit theory, partly on the grounds that history suggests that money has always been credit and any historical example that suggests otherwise is dubious. Lawson has various responses to these points (see also Lawson, 2018a; 2018b), and he has subsequently pursued his distinction in regard of Modern Monetary Theory (Lawson, 2019b; Fullbrook and Morgan, 2020). In all cases, there seems to be some misunderstanding and talking at cross purposes, since Lawson does not seem to be denying that credit is positioned as money or that it has a kind of reciprocity, where one person provides a denominated unit of account that carries a value to some effect and another accepts this for some purpose (so it is meaningful to suggest money is a transferable credit). He is suggesting that, as *money*, this is

the purposive use of credit and one does not need an originating source of credit (the production of money out of debt) for the purpose to exist or to be fulfilled. In so far as credit (debt) has been an originating source, this has been contingent (and he continues to disagree with Ingham and Peacock regarding the historical record) and so when exploring what money is, it is important to look beyond this contingency to what the contingency is used for, since the nature of money cannot be reducible to a contingent source of what is positioned as money. For Lawson, other social constructions have been and may in the future be the case. One might note that this creates a curious kind of social reality argument for a realist: what is the case accords with some of what credit theorists say, but the fact this need not be the case requires us to consider what is the case in a descriptively different context. To some economists, the difference may seem semantic, pedantic or of a “so what” variety, but this is to miss the point that sometimes pedantry is warrantable accuracy. In any case, reading Lawson on the concept of money will make you rethink the issues, even if you don’t ultimately agree with him, and this surely affirms the value of social positioning as a way to think differently, and by no means suggests that as social ontology it is lacking as a general framework (given the differences expressed in critique are not philosophical, but matters of fact, interpretation and emphasis in this case).

To conclude, then, there are many reasons to read *The Nature of Social Reality*; intellectual curiosity, exploration of a relatively original (philosophical realist) social theory that stands alongside others, and as a resource to think differently about given economic phenomena (either in reading the chapters of the book or by applying similar thinking oneself). I leave final comment, however, to Lawson, who suggests that the book can also be read as a contribution to pluralistic yet unified social science, which, if we return to the subject matter of the previous section – the critique of closure, persistent explanatory failure etc. – stands in sharp contrast to contemporary economics (which has offered a very different project of economic imperialism with different connotations):

“Once social ontology is explicitly pursued, it is clear – and will be apparent from the essays or chapters that follow – that in actuality there is no reasonable non-arbitrary basis for distinguishing a separate discipline or science of economics (or sociology or politics or anthropology etc.)... The arguments that are made support a dismantling of the largely artificial institutional barriers currently in place in the academy and a take-up of projects that, for the contemporary perspective of relatively isolated social disciplines, are usually interpreted as inter-, trans- or post-disciplinary study” (Lawson, 2019a, p. 21).

The context of this, of course, is not the shedding of expertise, but rather the negotiable status of any division of labor.

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