Kenneth Boulding
Knowledge, Conflict, and Power

YAHYA ALSHAMY AND CHRISTOPHER J. COYNE

Kenneth Boulding was born in Liverpool, England, on January 18, 1910.[1] He earned a scholarship to Oxford University at New College in 1929, where he studied chemistry. Several life-altering events occurred during his time at Oxford. First, he joined the Religious Society of Friends (Quakers). His commitment to religion and pacificism would influence him for the rest of his life, both personally and professionally. Second, under the influence of Lionel Robbins, then a tutor at Oxford, Boulding shifted his focus of study to economics (Szenberg 1993, 3). This led to the publication of his first academic paper in the *Economic Journal*, which was then edited by John Maynard Keynes (Boulding 1932).

In 1932, Boulding traveled to America on a fellowship to spend time at the University of Chicago, where he studied with Frank Knight, Henry Schultz, and Jacob Viner. He returned to Britain in 1934, without completing his PhD, as an assistant lecturer at the University of Edinburgh. He remained there until 1937, when he returned to America, taking a position at Colgate University. During his time at Colgate, he married Elise Bjorn-Hansen, a sociologist who would later teach at Dartmouth College and also work on issues of peace and conflict. After four years at Colgate, Boulding made several short-term moves—to the League of Nations

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1. For detailed biographies of Boulding, see Kerman (1974), Mott (2000), and Scott (2015).

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Economics and Financial Section at Princeton University (1941–42), Fisk University (1942–43), Iowa State College (1943–46, returning in 1947–49), and McGill University (1946–47). In 1947, he moved to the University of Michigan, where he would remain until 1967. During his time at the University of Michigan, he cofounded the *Journal of Conflict Resolution* in 1957 and founded the Center for Research on Conflict Resolution in 1959. His final professional move was to the University of Colorado in 1967, where he remained until his retirement in 1980.

Is Kenneth Boulding an underappreciated economist? One could argue that he is not. He produced an enormous body of work, including three dozen books and at least eight hundred articles. The breadth of his work is staggering, including work in economics, political science, sociology, philosophy, social psychology, peace research, and the humanities. One clear indication of his diverse intellect is the multiple volumes of sonnets he published during his lifetime.

Boulding was also well decorated with professional accolades. He was the winner of the John Bates Clark Medal in 1949. The Clark Medal is awarded every other year by the American Economic Association (the top professional association in economics) to an economist under the age of forty who has made significant contributions to the discipline. Boulding held the presidency in numerous professional associations—the Society for General Systems Research (1955–59), the American Economic Association (1968), the International Peace Research Society (1969–70), the Association for the Study of the Grants Economy (1970–89), the International Studies Association (1974–75), the American Association for the Advancement of Science (1979), and the section on economics of the British Association for the Advancement of Science (1982–83). He received honorary doctorates from more than thirty universities and was a member of the National Academy of Sciences, the Institute of Medicine, and the American Academy of Arts and Sciences. He was also nominated for both the Nobel Prize in Economics and the Nobel Peace Prize. When he passed away in 1993, the *New York Times* ran an obituary—"Kenneth Boulding, an Economist, Philosopher and Poet, Dies at 83" (Nasar 1993).

Despite this success, we argue that Boulding is underappreciated. For one, Boulding himself feared that he had failed to make a lasting impact. In the introduction to the first volume of his collected papers, Boulding (1971, viii) wrote, "In many ways I see myself as a voice crying in the wilderness, to which nobody has paid much attention." In a review essay of Boulding's collected works, Robert Heilbroner (1975) speculated as to why a school of thought failed to develop around Boulding as it had with Milton Friedman, Paul Samuelson, and Joan Robinson. According to Heilbroner, Boulding's work tended to be insightful, but abstract such that "[w]e do not know what to do with these insights" (Heilbroner 1975, 77). The abstract nature of his work, according to Heilbroner, led to ahistorical work that was "'above' the real world" (1975, 79) and failed to attract a large number of dedicated followers.

Yet another reason, not mentioned by Heilbroner, might be the breadth of Boulding's work. Simply put, it may be difficult for scholars in any one field to know what to make of Boulding. Although he was an economist by training, his work was highly interdisciplinary in nature. As Mancur Olson stated upon Boulding's death, "His talks, his writing were so full of brilliant asides that no summary does them justice." He described Boulding in the following way—"Imagine someone who was half Milton Friedman, half Mahatma [Gandhi]" (quoted in Nasar 1993). What made Boulding unique as an intellectual—the scope, diversity, and eclecticism of his scholarship—also makes it difficult to neatly categorize him and his ideas in a single school of thought in a single discipline.

In what follows, we provide an overview of some of the key, and neglected, themes in Boulding's scholarship. Given the breadth of his body of scholarship, we can't hope to cover all of his contributions. Instead, we discuss three of Boulding's books—*The Image* (1956), *Stable Peace* (1978), and *Three Faces of Power* (1989). These books reflect Boulding's emphasis on individual agency, subjectivism, the nature of knowledge, open-ended processes, and the role of institutions.

The Image

One of Boulding's critical insights into the study of social systems is his concept of image. In *The Image,* Boulding (1956) offered a novel way to understand the role of knowledge in governing human behavior. The book was written as an argument against behaviorism, which he believed overemphasized the role of external stimuli in governing human behavior (Scott 2015). Instead, Boulding argued that human behavior is influenced by one's *image* of the world. "Image" refers to a person's subjective knowledge stock, ranging from the individual's worldview, web of relationships, roles in organizations, and emotions.

Unlike behaviorists, Boulding sharply distinguished between a person's image and "new messages," defined as stimuli of information based on experiences to which the person is exposed. The sharp distinction is based on individuals' capacity to subjectively interpret messages and position them as they see fit in their image of the world. Subsequently, he offered two propositions: (1) a person's behavior is governed by the person's image of the world, and (2) the meaning of novel messages is the change it produces in the person's image. Like Friedrich Hayek (1943), Boulding postulated that the facts of the social sciences are not mere stimuli but the subjective meanings that people attach to physical items and events in the world.

Boulding's conception of the image was not committed only to methodological individualism in the sense that only individuals act. It also identified the individual as a precursor to action; only individuals form images and interpret stimuli that govern their actions. He emphasized that the image is always the possession of individual persons, never of organizations (Boulding 1956, 6, 54, 55).

Yet Boulding's methodological individualism does not postulate an atomistic interpretation of human behavior and recognizes how social embeddedness helps form *public images*. Public images refer to the role individuals play in their environment or organization. Shared public images of one another's roles can be analogized as images of organizations themselves and are essential for coordination in complex societies characterized by specialization. However, Boulding maintained that one must not take the analogy of public images too far, maintaining that only individuals form images of their roles (1956, 59). For all practical purposes, the only way to study the public image and dynamics of images in society is to first study the images and changes in images of the individuals constituting society and the organizations within society (Boulding 1956, 55).

One's image is not static; it is dynamic and malleable. Boulding explained that "[t]he image not only makes society, society continually remakes the image" (1956, 64). A great amount of effort in each society is dedicated to transmitting and protecting its public image as a form of inertia. Yet unusually charismatic and creative individuals, who do not follow the transmitted public image, can bring great changes to the public image of societies. They restructure the different roles of individuals and innovate new ways to coordinate society (Boulding 1956, 75). Under the influence of these innovators, the old images of society continuously change, and new ones arise (Boulding 1956, 76).

Why does the concept of the image matter for the social sciences? There are at least three reasons. First, many social scientists still cling to behaviorism, which treats human decision making as a direct response to external stimuli. This removes individual agency in the process of interpreting and responding to these stimuli. Beyond methodology, this matters for practical policy. For instance, assumptions of behaviorism will often make its proponents overly confident about the ability of government interventions to achieve their desired ends because people are assumed to be passive responders who act in a predictable manner.

Second, Boulding's conception of image permits economists to move beyond the mere mechanics of narrow self-interest and utility maximization. Though these abstractions may be useful in static decision-making scenarios, they fail to explain institutional change through time. To explain institutional change, we must appreciate the process of image formation by individuals and how that leads to image changes in society.

Third, recognizing the subjective, methodologically individualistic understanding of knowledge allows us to resolve what Israel Kirzner (1979, 142) called the "Shackle-Boulding paradox." Kirzner identified G. L. S. Shackle and Kenneth Boulding as an entry point to differentiate the Austrian perspective on the unknown unknowns and discovery from the mainstream treatment of known unknowns and search theory. Boulding (1968, 146) said: "We have the paradox . . . implicit in the very concept of knowledge, that we have to know what we want to know before we

can start looking for it. There are things we ought to know, and which we do not know that we ought to know, that remain largely unknown and unsought for."

Search theory is not capable of explaining the gradual removal of ignorance of things we do not know that we do not know because it assumes we know information is available if one wishes to incur the cost of search. Search is certainly important, but so too is the process of discovery, which tends to be neglected by economists. In this regard, there are clear affinities between Boulding and those working in the Austrian tradition (see Boettke and Prychitko 1996).

Stable Peace

Boulding was a founding father of conflict and defense economics with his book *Conflict and Defense: A General Theory* (1962), considered a foundational text in the field. He built on this earlier work with *Stable Peace* (1978), which offered a process-based approach to understanding conflict and peace. Boulding differentiated between nonconflict and conflict situations.

"Nonconflict" refers to situations in which one party's gain does not occur at another's expense. These situations are peaceful in that there is no violence. Conflict, in contrast, refers to actions that benefit one party at the expense of another. A key issue is how people navigate conflict situations. Conflict situations can be resolved peacefully, as in economic competition, or violently, as in war. Peaceful conflict situations involve formal and informal rules that govern competition by nonviolent means.

Boulding's interest was in understanding the factors that cause transitions from peace to war, and from war to peace, through time. He offered a framework defined by four phases of war and peace: stable peace, unstable peace, unstable war, and stable war. "Stable peace" refers to a situation in which parties have no plan to engage in war against each other, and each party is aware of the other's intent. "Unstable peace" refers to a situation in which parties are not engaged in war, but the possibility of war is practically considered in each party's plans. "Unstable war" refers to a situation in which parties are involved in war, but the possibility of peace is practically considered in each party's plans. Finally, "stable war" refers to a situation in which parties are engaged in war and have no plans to transition into peace.

Boulding offered a process view of the war-and-peace system grounded in human agency. Societies can move between phases through time. And the choices made by people can influence the speed and direction of the transition for better or worse.

To describe the transitions from one phase to another, Boulding introduced the concepts of "strength" and "strain." Strains are elements of the system that are conducive to phase change, whereas strengths are elements that make the system resist the sort of breakage that occurs under strain. Boulding cited several important factors that strengthen peace phases and strain war phases.

The first is the "habit of peace," which refers to having a history of peaceful relations. Boulding noted the paradoxical fact that the longer peace between two parties lasts, the better chance it has of persisting. Second, he discussed the role of professional specializations dedicated to discovering peace. Professional specialists include mediators, conciliators, and diplomats who use their creativity to find context-specific solutions to conflicts and make a living doing so. Third, he discussed the role of increasing travel and communication between parties. An increase in communication facilitates the formation of integrative relationships and lowers the cost of bargaining to avoid violent conflict.

The fourth factor is the formation of a web of economic interdependence. Boulding described what is today termed the capitalist peace hypothesis, stating that market transactions can lead to economic interdependence that shifts the budget constraint for war, raising the cost of violence. Fifth, Boulding explained the importance of the formation of mutually compatible self-images, referring to the formation of a positive integrative relationship that does not include the use of force against one another. The formation of these images entails considering each party's conception of justice and equity and finding opportunities for mutual benefit. Finally, he explained the importance of a taboo line against the use of violence in general. He explained that there is a taboo line that divides everything a person can do into two parts—what a person does, and does not, refrain from doing. After all, international peace cannot be maintained without a shared taboo against using armed forces to resolve conflicts.

A key theme in Boulding's work is that people consistently overrate the role of threat systems in achieving their desired ends, including peace. For example, he noted that the reduction of banditry may be the result of technological advancements that give rise to alternative occupations more so than the successful threats of legal enforcement or conversion by saints (Boulding 1977, 32). Similarly, he believed that the reduction of wars of conquest was the result of the discovery that imperialism is not nearly as profitable as domestic economic development as a result of military defeats (1977, 32).

Boulding's discussion of these issues was not confined to historical analysis. He expanded to discuss the future of peace and the folly of the overuse of threat systems in a regularly practiced political theory—deterrence theory. Schelling (1966) defined deterrence as the prevention of action by fear of consequences. Deterrence theory suggests that with an increase in the cost of war, where an act of aggression would result in a counteraggression, both parties will be less likely to attack. Boulding (1978, 64) emphasized the inherent instability of deterrence, despite its ability to potentially maintain short periods of unstable peace.

Consider the case of nuclear deterrence. For deterrence to work, the likelihood of the use of a nuclear weapon must be greater than zero, for it were zero, it would not deter. Deterrence must always have a positive probability of breaking down, which means that it will break down over a sufficiently long period of time. As Boulding (1988, 160) put it, "[n]uclear deterrence may be more like a one-hundred-year flood,

with a probability of 1 percent per annum (this is just a guess), but even this would have a 63 percent probability of occurring in a hundred years and a 98 percent probability in four hundred years. It is an illusion, therefore, to think that deterrence can be ultimately stable."

Another pathology of deterrence is that it exposes nations to the security dilemma. In deterrence theory, relative power matters more than absolute power; hence, an increase in military acquisitions and spending of an adversary may pressure increases in defense spending that do not increase the overall security of the nation as a whole, had the adversary not increased its defense spending. The paradoxical result is that investing in security against war can increase the likelihood of war. Boulding argued that studies of the "incidence of war in a historical sample of societies all over the world cast grave doubt on the old adage that, if you want peace, you should prepare for war, for most societies prepared for war seem to get it, which is not wholly surprising" (1978, 25). In making these arguments, Boulding called into question the "peace through military strength" view that dominated during the Cold War period and still exists today.

Three Faces of Power

Throughout his career, Boulding was interested in issues of power and the interplay between the economic, social, and political arenas. His most well-developed treatment of these issues is his book *Three Faces of Power* (1989), which built on his earlier work on the topic (1968, 43–54). Boulding started by offering a simple definition of power—"the ability to get what we want" (1989, 17). On the basis of the different means of getting what we want and their consequences, he divided power into three categories.

First, there is the destructive power of threat systems. A threat system is based on a relationship in which A tells B, "You do something I want, or I will do something you do not want" (Boulding 1989, 25). It is particularly associated with political power. Second, there is the productive power of exchange systems, based on a relationship in which A says to B, "You do something I want and I will do something you want" (1989, 27). An exchange takes place if B has a choice to accept or reject the offer and accepts it. Exchange systems are particularly associated with economic power. Third, there is the integrative power of love. Integrative systems are based on a relationship in which A tells B, "You do something for me because you love me" (Boulding 1989, 29). Love in the relationship can also be substituted for other feelings that motivate action, such as respect, pride, guilt, and shame. The ability to evoke these feelings to inspire action is associated with social power.

Boulding observed that elements of the three faces of power are found in all organizations, though one element is often likely to prevail. Consider the role of integrative systems in supporting threat systems. Unless a ruler is loved or respected,

the power to organize threats increases and may even become prohibitively costly, as the history of revolutions illustrates. The need for legitimacy by threat systems, such as national military organizations, is exemplified in their rebranding from war departments to departments of defense to signal to the citizenry and international community their claims to defense as opposed to conquest.

As another illustration, consider that property relations, based on exchange systems, are characterized by elements of a threat system, such as legal enforcement, to protect and maintain. Legal enforcement operates as a threat to those who would seek to violate property rights. Integrative systems also contain elements of exchange, given that friends may start to become distant if they are not offered mutual love and respect.

Boulding's taxonomy is valuable because it underlines the choice over what kind of power we choose as a means to our ends. He offers the example of cutting down a tree (1989, 55). Because we cannot bribe a tree or persuade it to cut itself down, we have to use destructive power. We also cannot threaten or persuade clay to turn into a pot, so productive power is all we have (1989, 55). In building genuine friendships, threatening people is useless; we cannot beat people into becoming our friends. We also cannot bribe people into friendship, though mutual gift giving when signaling care helps. Instead, we have to charm them with subtle communication and persuasion.

One can see how the themes in *Three Faces of Power* connect to common themes that run throughout Boulding's body of work. Choices about the type of power exercised will depend on people's image of themselves and of society. Where threat systems dominate, they are likely to contribute to an unstable peace. The future of peace for societies stuck in a precarious unstable peace requires people to choose better means of power to achieve their end, expanding their options to integrative and exchange systems. This, in turn, requires changing the images held by warring parties to expand the viability set to include alternative, peaceful solutions to conflict.

Conclusion

Kenneth Boulding is an underappreciated economist and social theorist. But why? As we discussed, Robert Heilbroner (1975) speculated that it had to do with the abstract and ahistorical nature of Boulding's work. But perhaps there is another explanation.

Boettke (1997) argued that there was a shift in the economics profession over the course of the twentieth century toward formal, equilibrium theorizing. This shift drained economics of institutional context and the purposes and plans of human beings qua human beings. This was at odds with the "mainline tradition" going back to Adam Smith (Boettke 2012). This tradition is delineated by the following three propositions: "(1) there are limits to the benevolence that individuals can rely on and therefore they face cognitive and epistemic limits as they negotiate the social world,

but (2) formal and informal institutions guide and direct human activity, and, so (3) social cooperation is possible without central direction" (Boettke, Haeffele-Balch, and Storr 2016, 4).

Kenneth Boulding was part of the mainline tradition, which meant that his work, although recognized by the profession while he was alive, was still often at the fringes of the discipline. This helps explain why his work was, and is, underappreciated. At the same time, the resurgence of the mainline tradition offers a unique opportunity to reengage Boulding's work to better understand the realities of the social world and to offer insight into a variety of issues related to individual flourishing and well-being.

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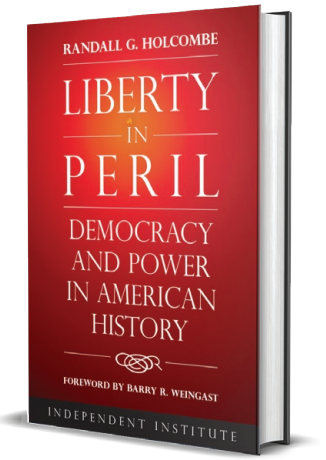

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