Geoeconomic Organization:
Preconceptions and New Conceptualization

***Gil H. Park*[1]**

[1] *College of Public Affairs, Daegu University*
Email: hightouchpark@gmail.com

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Abstract

Drawing on the economic implications of the geographically-limited social interaction and imagination to employ (or make) resources (new together) and change local environments for innovation and growth in economies and knowledge, this article questions the validity of the Hayekian organism. Then, incorporating organism to (the epistemic and academic meanings of) organization, it conceptualizes organization as the theoretical base expressing the dynamic or spatiotemporal change of socioeconomic phenomena upon which the unfledged Simonian (1991) idea of organizational economies can be synthesized with the Hayekian organism especially in the local and global continuum. This synthesis leads to a new definition of geoeconomic organization as ***the regional economic phenomena where rationality and sociality make the organization of economic actions embedded in geographies*** *or as geographically-embedded dynamics of endogenous growth via social interaction and imagination. This provisional but synthetic concept may help overcome the limited neoclassical and Austrian understandings of selfishness- or imitation-oriented human behaviors and structures, which are not necessarily to be negatively feedbacked.*

JEL Classification: P48, R11, R12, R19

Contents

1. INTRODUCTION

How do economies efficiently work between or within micro- and macro-level organizations, where networked agents work locally rather than exchange goods globally and individually? There used to be no place where corporate or industrial organizations could be organized in traditional economics. In the real world, however, there exist multi-leveled or multi-layered areas called "regions," whose functional or administrative boundaries and geographical contours are often overlapped and limiting networkable economic interactions or organizations. Although geography itself used to be not considered significant in economics, a span of areas, where common markets, metropolises, administrative or school districts, commuting or broadcast areas, trade unions, chambers of commerce, and sales areas are organized or formed, respectively represent some of the multifaceted economic aspects that were theoretically considered by, for example, Walter Christaller. Much of such micro- or macro-level organization is explainable in economics, and geography and organization may matter for economics unless organizations disappear over space and time.

As for the firm level, even without considering work as "networked" economic interaction in localization or urbanization economies, the above interrogative implicitly questions why ordinary agents really interact in specific local (governance) structures despite the idealized optimal employment of their labor and capital by competitive firms, whose specialized goods or unstructured organizations are assumed to become (globally) homogeneous in each market. This intra-firm issue still remains largely unanswered in economics as well, except the cost aspect of the firm and industrial organization for which Coase (1937, 1972) provided an insightful answer considering the origin of the firm as the working organization to internalize the reducible economic "cost of organizing" transactions or production and Williamson (2000: 602) clearly defined the (corporate) governance structure as an "organizational construction."

In reality, transacting firms and many other organizations, which are more or less local, are prevailing economic agents either within or around geographical markets, so the local or global market, which seems the least (deliberately) structured organization, may need relevant local economic (governance) theories. In more localized or routinized time and space, further, regular or familiar trans-actions and inter-actions themselves tend to become more explicitly organizational or structural and geographical. Thus, boundedly-rational agents' "inherently-local" social interactions could be a key to understanding how a (local) economy as either deliberate or undeliberate organization develops structurally and spatially (in urban or rural spatial structures), as, in the interview by Horn (2009), Kenneth Arrow gave a hint about the role of local knowledge and social interaction in organizing (local) economies rather than leaving them to markets (as spontaneous orders).

As Ostrom (2010: 2) discussed, the market as the optimal institution for producing and exchanging private goods is viewable as an efficient form of undeliberate private organization as well, but it is limited in explaining the internal dynamics within or outside firms. It is also Pareto-optimal only under the restrictive and unrealistic assumptions that are limitedly applicable to "featureless" plains (Krugman, 1991). Regardless of whether it is a marketable good or a common-pool resource at which "inherently-local" social interactions take aim, an

individual who tries to maximize short-term benefits to self cannot help but face suboptimal or game-theoretic outcomes as local contemporaries behave similarly when collective benefits "seem" unattractive to them in "featured" plains. Perfect rationality implies the foresight for such collective benefits too, but nobody predicts or controls them perfectly. Such predictability limit is no exception for the market (price), which is also just an "artifact" and institution, and it is ambiguous whether the market mechanism eventually self-organizes whole economies despite any unpredictable externalities across space and time. It is simply because they are as unpredictable as "spontaneous" humans are over space and time.

For realizing this self-organization, the market or price mechanism should be an organism labeled as the "spontaneous order," but there will be no absolute or predictable rules of transforming the mechanism into an organism or *catallaxy*, where competition used to be believed to turn into voluntary[1] cooperation. However, these and other socioeconomic rules, often called "institutions," are being dynamically and locally changing according to variant motives and heterogeneous social and geographic environments. It is not certain and was never corroborated even by Friedrich Hayek whether the preferences revealed by diverse local organizations of people whose membership can overlap turn those organizations into a (global) spontaneous order (Peart and Levy, 2011).

Rather, Adam Smith (1776, 1759) was consistent in the solution for these local-global "invisible chains" (as expressed in *The Theory of Moral Sentiments*) since he provided a clear answer that humans ought to be sympathetic (i.e., imaginative of placing other self's situations in one's own place through conscience as "impartial spectator") in pursuing their own "self-love" (not selfishness, which Smith (1776) defined as the undesirable state of mind three times). Emphasizing that the normative ideal is not *laissez-faire* without qualifying adjectives, Buchanan (2005: 84) at least admitted, "the normative ideal must include *reciprocity*" (italics in the original text). As in game-theoretic simulations, reciprocity can benefit conflicting agents, whose interests seem as incommensurable as rational egoists' individual preferences and democracy according to Arrow's (1963) impossibility theorem. Rational and social agents' overlapped memberships into local or global reciprocal organizations still have a potential to serve as the (normative) basis for the commensurability that can also be mathematically proved (even with considering geography as in Krugman's [1991] core-periphery model that may be applied to the geographically-overlapped two-region or two-community case). Amidst such dynamic changes from local to global and from global to local organization (or order), it is human spontaneity, which drives variant institutions including markets, what is to be safeguarded to either deliberately or unintentionally change the order, *not the order itself*. Succinctly, the market, which is just an institution, could not be viewed as an organism as long as its eventual transformation from the mechanism itself is corroborated.

Around and within real markets, corporate organization often represents how socioeconomic humans become authoritative, opportunistic, motivated, loyal, reciprocal, or innovative in order to effectively achieve a goal or purpose that incorporated selves may sympathize with at least superficially, not necessarily efficiently resorting to a market as the least structured organization, as Simon (1991) discussed. So far, the Coasian view has emphasized the cost-reducing aspect of corporate organization in transactions. However, the rise of the firm implies not just the "costly" imperfection of the market mechanism but also institutional structures as both "technological" and "social" instruments for organizing contractual and technological elements in the society, where individual and indifferent rational egoists used to be assumed to do their own work and exchange optimally. Price-mediated contracts only cannot guarantee a firm's success or its internalization of externalities.

The key solution to this kind of social dilemma of Coasian (1937) "marketing costs" may lie

[1] It will be really voluntary for humans to spontaneously operate together with specialized partners, who actually accept the market as the system of voluntary cooperation. It used to be considered just a place or system for exchange, whose explicitly-geographic constraints have rarely been studied though it is occurring in places.

in organizing trans-actions and production "spatio-temporally[2]" in accordance with socially interactive or technologically and institutionally innovative minds rather than with price-referenced individual calculation or inter-subjective negotiation. The dilemma itself happens because information and knowledge as well as resources are "locally" limited over time and space, whereas Hayek's advocating the market (price)—as the most efficient instrument to aggregate dispersed local information and "unorganized" (divisible) knowledge of "particular circumstances of time and place" (Hayek, 1945: 521)—seems not commensurable with the valid theories of localized or urbanized scale economies. Rather localization or urbanization, whose geographical and social implications were harder to be theorized in traditional economic approaches, often works well as the "social basis" for extensive economic interactions (Rosen, 1997, 1983), where intentional education, non-marketable arts, deep devotion to family or nation, priceless loyalty, and love of variety (as in Krugman [1991]) and great or novel ideas (as in Jacobs [1961]) are innovated and cultivated throughout generations.[3]

This article tries to find an alternative answer to the question raised in the beginning, admitting social and geographically-limited interactions to the traditional approach which used to simply identify economic interactions as rational or goal-seeking agents' exchanges. This question would be challenging to such a traditional belief, but economic activity means more than exchange or competition without geography. *Geography and organization significantly matter in economies unless catallaxy perfectly works*. In textbook (or Austrian) economic assumptions, agents used to be identical rational (or subjective goal-seeking) egoists, whose price signaling used to be the most effective and efficient means of "non-organizational" communication—as Hayek emphasized—that may counteract any dis-equilibrizing movements of supply and demand quantities or curves via negative feedbacks.

Negative feedbacks are inherently non-organizational. Given "non-organizational" here means "spontaneous" in line with the Hayekian thought, this premise is valid only so long as individuals succeed in communicating via price signals for exchange. In response to prices, that is, negative feedbacks tend to be made for the spontaneous order in order to self-organize itself via imitation and migration. This price-mediated communication and cooperation system called "organism," however, are often become associated with strategic (as in game theory or property rights theory), ethical, or innovative situations, whose *dynamics structurally functions with participants'* (*egoistic, sympathetic, or technological*) *imagination* rather than imitation, as well. To make it self-organize itself, it is certain such organizations as the artificial order should be unintentionally incorporable to the spontaneous order, but humans tend to continue making them spontaneously. A market, which is believed to self-organize itself with negative feedbacks, cannot become "spontaneous" (literally, without external stimuli), as long as there are such external stimuli as more or less spontaneous (firm, government, or network) organizations,

[2] It has rarely been noticed that Coase's (1937) article already discussed the spatial aspect of the "cost of organizing transactions," employing von Thünen's concentric circles from *The Isolated State* (1826).

[3] Meanwhile, in "non-spatial" economics, some appear to consider economics as a methodology or view even applicable almost without explicit limit. The frequent use of the term "economics" in newspapers or in *Freaknomics* (2005), which tends to extensively apply it to how to (humorously) understand or solve any spatiotemporal situations, is representative. Likewise, the Hayekian theory to non-humorously advocate the market as a spontaneous order, which self-organizes itself, should be able to explain how such socioeconomic and spatiotemporal "state of affairs" (i.e., order in Hayek [1973: 36-38]) are self-organized explicitly without resorting to sciences or constructivist rationalism, whose application to understanding social phenomena he criticized. If such theory cannot provide a precise answer to this critical point, the acceptance of the view of humans as boundedly-rational and imperfectly informed but inherently social and contingently innovative beings becomes necessary to understanding local interactions in any (spontaneous or artificial) order, which are essentially too spatiotemporal to be self-organized. *Self-organization is hardly to be made as spontaneous as humans should be*. This acceptance will be a starting point where the question raised in the beginning becomes answerable.

which were labeled as the "artificial order" or *taxis*.[4]

Having such organizational implications of socioeconomic humans' imagination and dynamics for local economies in mind, this article poses the following question. What are the contemporary implications of the concept of "organizational economies," which can be dynamically agglomerated or dispersed, when their organization (process) is reconceptualized as "geoeconomic organization"? This concept of dynamics was originally proposed as the better alternative to the concept of market economies (almost homogeneously distributable disregarding geographies in the long run) in Simon's (1991) "Organizations and Markets."

2. SOCIAL INTERACTION AND IMAGINATION IN GEOGRAPHY

Humans are not perfectly rational and do many other things than market exchange. Rather, they are sometimes irrational, inherently multifaceted, and often in need of social interaction within limited geographical boundaries. Further, market exchange is not necessarily spontaneous. Many scholars do not (intend to) sell their education or research (packages) to students or buyers. Rather, education and research yield externalities either locally or globally.

Professors are often enjoying socially "speaking" (fess) "forward" (pro), not necessarily intending to make their speech acts locally or globally marketable. Many of these (general) specialists are often imagining or pursuing academic ideals with pure curiosity or passion and even without expecting material benefits in markets. Markets are not the ideal system of voluntary cooperation or specialization but a good competitive system for rational egoists to allocate resources in a "given" geographical environment. *Humans, who are socially interactive in space, can imagine and implement making* (*rather than employing*) *resources* (*new together*) *and changing local environments too, and this change* (*in externalities*) *implies innovation and growth in economies and knowledge*.

As Coase (1937) pointed out, artificially-designed or contracted-out collective benefits might have "seemed" inefficient to individuals because they did *not* trust in others or before they could *not* predict (game-theoretic) results rather than because they *did* trust in the price mechanism as the system of "voluntary cooperation," which used to be theorized to self-organize itself despite any externalities potentially arising in collective or interdependent action over space and time. There is, however, no ultimate reason for the price mechanism to be eventually the best alternative to any measures for spontaneously-evolvable situations. It is particularly because this mechanism must involve no opportunity cost if it will eventually self-organize itself in any final result or in the long run.

For the price mechanism, it must be guaranteed to self-adjust or eventually internalize any externalities in order to make more (social benefits than private) benefits (through the Mandevillian transformation of private vices into public benefits), not necessitating artificial organization at least in the long run, regardless of whether human rationality is believed to work as predicted by neoclassical economics or Austrian economics. The difficulty of this guarantee, however, may well represent why economics and such relevant studies as sociology, psychology, political science, or geography need to be as interdisciplinary as Acemoglu and Robinson (2012) and Simon (1991) were. It is especially because, without perfect information or trust and with bounded rationality, agents are often unpredictable and thus contingently opportunistic or even innovative to take risk. Why seemingly irrational but encouraging vision or speculation used to psychologically help or complicate economies in reality explains why innovation and entrepreneurs or leaders are still needed.

How about the meaning of rationality in a given or evolving market environment, which locally or geographically exists? Austrian economics often interchanges "rational" and "goal-seeking." However, goal-seeking humans' price-mediated communication and exchange of locally-divisible knowledge and labor (outcomes) do not always or eventually guarantee a

[4] Or else, its organism must be able to (and corroborated to make itself valid to) still self-organize itself despite any external stimuli.

dynamic equilibrium, which is conditional as long as humans may be voluntary or spontaneous. The existence of dynamic equilibrium in local and global economies still depends on non-experimental or environmental contingencies and is also oxymoronic to (perfectly) rational humans (as the market self-organizes itself despite market failures in the long run as in neoclassical economics).

The profound reasons for human action or goal-seeking (should) center on human "spontaneous" purpose or intention to seek the containment of needs, wants, and desires. Sometimes humans spontaneously give resources or even lives to others without expecting or calculating returns.[5] This imaginable realm is wished or dreamed as the potentially-realizable state where humans' spontaneous capability of imagining others' situations ethically and new possibilities technologically or artistically may creatively destruct (rather than inter-subjectively improve or evolve) "the plain state of rest" (as in Mises's [1949] *Human Action*).

Recently, on the globe, about ten richest people have been compatible with the poorer half of the entire human population in terms of wealth, while they were not knowledgeable of whether goal-seeking competition around them has been self-organized toward their "contentment" of having (or donating a part of) their own wealth. Over centuries, further, similar compatibility also applies to international or local levels as a long-run trend. Recently, Piketty (2014) has accurately showed a similar trend only for data-available countries, regardless of its precision. If this compatibility were righteous and good, where and when do perfect competition or *catallaxy* realize or self-organize themselves? This is a matter of how (centennially) long does the long run take to reach (global or local) equilibrium despite apparent geographical and historical differences.

As Hayek (1945) criticized, the central limitation in neoclassical perfect competition lies in a single agent's limited ability to individually plan or foresee the division of knowledge based on dispersed information, which tends to be potentially distributable more globally on one hand and cannot be perfectly acquired even in a very local environment on the other hand. The same applies to socialist economies where a single agent cannot but fail to both centrally (or locally) and globally plan or foresee it. Because of this limitation, both humans and markets (prices) cannot also (help) perfectly plan or unintentionally self-organize themselves, their environments, and their societies. *The market can* (*be demonstrated to*) *self-organize itself with its negative feedbacks only when goal-seeking egoistic agents can spontaneously interact in order to make their efficient price-mediated communication "cognitively unbiased" or make any subjective cognitive biases inter-subjectively unbiased, disregarding geographies*. Humans, however, are not necessarily goal-seeking and not inherently or always spontaneous, while they often tend to show cognitive biases either individually or socially (Kahneman and Tversky, 1996).

Instead, humans can or should freely (plan to) organize resources and trans-actions despite many imperfections to be solved (together). *They should be allowed to locally build up social relations and knowledge as imperfectly as* (*local*) *information is aggregated into prices in* (*local*) *markets and is dividing boundedly-rational humans'* (*local*) *labor and knowledge*. Because both humans and markets cannot globally self-organize themselves via either unintentional plans or intentional asking prices, local social relations or interactions and knowledge should be (in) the geographical realms where humans must spontaneously or freely (plan to) acquire, develop, or innovate at times even against (global) markets as idealized spontaneous orders.

If humans are viewed as the beings to instantaneously calculate their cost and benefit from the cradle to the grave through their different levels of reasoning whose aspects are often partly measurable by intelligent quotient (IQ) and some still believes the outcomes of price-mediated economic activity will be normally distributed over society as IQ or human height, such a view of humans is too one-sided to understand economies. Humans are multifaceted

[5] Demonstrating whether they did so in order to satisfy their own "felt" needs (because they cannot live without something latently necessary to them but indifferent to the beneficiaries) or "felt" wants (because they still seek something regardless of needs) or in order for a desire as an "imagined" wish or dream is a matter of precision (rather than accuracy) of corroboration in psychology or neuroscience.

and (should be allowed to) pursue their own desired ideals (at least spontaneously) as well as material or self-interested goals.

Interest itself is etymologically "relational" as *est* originated from Latin and Proto-Indo-European (PIE) *es*(*se*), meaning "essence or to be" (Harper, 2016), and such pursuit should be both spontaneous and social, in order to spontaneously change markets as idealized spontaneous orders. Further, geographies and histories also affect economies and societies, whose variable states are not foreseeable just as the mathematical derivation of dynamic equilibrium. Desires center on spontaneous imagination and they will be a real impetus for the innovation and growth of humans and human economies. This is the critical point that Ludwig von Mises and Friedrich Hayek, who emphasized imitation and price, missed.

In Hayek's economic theory, which emphasizes the role of price in the inter-subjective communication in culturally-evolving socioeconomic action or "human action," humans seek individual goals as a part of *organism* in order to unintentionally self-organize themselves when they and their society become spontaneous together, making competitive exchanges into the system of voluntary cooperation or *catallaxy* and disregarding geographies. However, humans not only seek material goals but also pursue (Platonic) ideas differently according to geographical or social environments. Creative ideas and such ethical or esthetical ones as goodness, truth, beauty, and justice cannot be perfectly incorporated into capital or goods via prices and their ontological, epistemological, and axiological meaning varies by geography and history. *Such variation is not necessarily normal over space and time.* If they could be incorporable, the perfect theory or philosophy of property-right-centered (economic) freedom must have been presented in order to generalize market or *catallaxy* to cultural evolution as the "spatio-temporal" phenomenon.

3. ENDOGENOUS GROWTH AND DYNAMICS IN SOCIETAL ORGANIZATION

Organization is as a process or system to organize (socioeconomic) elements. In organization, beside their normative spontaneity in socioeconomic life, social interaction and imagination have also shared an important property that has often been overlooked. That is locality. *Social interaction, whose subjects should be spontaneous rather than spontaneously ordered as "global" markets or marketable goods* (*as objects*) *used to be claimed to be, becomes "dynamic," yielding "local" markets, firms, governments, and networks*. This spontaneity comes out when safeguarding self-loving (egoistic but sympathetic), technological, or artistic imagination whose required knowledge and labor become locally divisible to and limited by the (geographical and ethical) extent of the market as Smith (1776) discussed.

Aggregate or regional implications of such egoistic, sympathetic, or technological imagination are critical in economies since they either may or may not mean that economies (or societies), which are necessarily aggregate or regional, self-organize themselves. Self-organization is not the antonym of organization but is its part. In this organization, endogenous growth may self-organize itself only when prices or exchanges become the ultimately efficient and effective instruments or processes to self-organize economies and societies. This surely applies to the endogenous growth of regions, where humans with desire or imagination (as well as needs and imitation) locally and thus more dynamically interact, as well. Despite the lack of the literature's attention on such inherent relations between locality and dynamics, humans' "endogenous" dynamics of socioeconomic organization as the imaginative or imitative process of social interaction, which was the less highlighted aspect of endogenous growth, might be much more significant for local economic development than (knowledge) capital.

Originally, endogenous growth means "growth from within the system" (Schumpeter, 1934) and may incorporate local planning or planned growth of naturally-growing physical and social bodies. It is not the mere or "foreseeable" (or naturally expected) sum of globally-isolated individuals grown "without external stimuli" (i.e., spontaneously or naturally). Despite Hayek's (1973: 36-38) interchange of spontaneity and endogeneity, the meaning of spontaneity for humans differs from the one for nature as long as humans can be either natural or artificial to develop their local society endogenously. As for nature, endogenous growth is predictable and

globally applicable since local natural histories do not matter as long as any past event is non-artificial. *As for humans and their local histories, however, it means "often unpredictable" but "adjustable" growth from within the system amidst changes in external stimuli, not without any external stimuli. Thus, spontaneous order or organization might become possible but will be unpredictable by "including" such artificial organization as the one to be made in order to be endogenously grown eventually, not excluding it*.[6]

In other words, a spontaneous order can be endogenous only without (structurally changing itself according to) external stimuli. Then, markets are extremely hard to be spontaneously ordered because there are or should be always external (but "spontaneous" and "often unpredictable") stimuli, which were labeled as the "artificial order" or "organization" by Hayek. In this regard, endogenous growth needs to include something (organizational) else than aggregate labor (*L*) and capital (*K*), and this was why endogenous growth theory (EGT) began to incorporate corporate or learning-by-doing knowledge in neoclassical growth models few decades ago. However, the Solow residuals are the still black box, where geographies, technologies, and social (or structural) factors may come to newly appear as variables.

Regarding growth and dynamics, spontaneity and nature often appear almost the same. Nature, however, can eventually self-organize itself and does not necessarily grow itself while spontaneity emphasizes the freedom from external stimuli and the free will (or voluntariness) from within a system regardless of whether it is naturally or artificially grown. Humans cannot perfectly (or naturally) self-organize themselves, since they will be no longer human if they could do so globally, but may organize their local resources or relations with intention or free will, facing unexpectedly ordered or disordered situations. Thus, (intentional or internal) organization, which is either the process or result of allowing freedom, is not necessarily artificial and may or may not include self-organization. *Simply, any human being must have a right to try to make local* (*market, firm, government, or network*) *organization*(*s*) *spontaneously and this is why relatively-global* (i.e*., systemic*) *market organization cannot and should not be a solely or eventually desirable form of spontaneous organization* (*or "order" in terms of Hayek*).

The two ever-active processes for growth, human's imaginative pursuit in society and their endogenous dynamics of socioeconomic organization, may help local economies organize themselves wholly or their parts limitedly, as well. The extent of self-organization will depend on human sociality as well as rationality or knowledge, which many economic theories implicitly have focused on. As a "limited" (Romer, 1994) version of neoclassical growth theory, representatively, EGT used to center on knowledge as the source of growth, but it should be noted that knowledge is closer to the interactive and social learning process as it originated from "knowing process or action" (*gno-* + *-lock*) in PIE and Scandinavian (Harper, 2016). This complexly procedural and dynamic or interactional meaning of knowledge implies why inherently-local social interaction and learning are essential for endogenous growth that incorporates both *laissez-faire* and planning. *Locally, knowledge can become more rational and social.*

The original impetus or cause of local knowledge and property is the human curiosity (or envy) and imagination of other's past or future situations rather than the capacity to imitate the fittest. Parrots imitate human speech disregarding the environment, but cannot systematically imitate, understand, and train a good or right conduct and skill or Picasso's. There are no speech acts in parrots' speech and are no ethics or no creativity in their behaviors. Apes ape predecessors' or contemporaries' behaviors better than most animals, which could interact following learnable rules within the limit of instincts and basic cognitive abilities. Still, they are not ethical or esthetical and cannot accumulate and innovate the systems of society and knowledge, imagining, organizing, and implementing new possibilities to endurably innovate old ones, which wholly and systematically means "endogenous growth."

[6] The limit of this definition is that it needs to provide evidences or reasons concerning why spontaneous orders are predicted to become endogenous even when unpredictable external stimuli are strong.

4. PRECONCEPTIONS ABOUT GEOECONOMIC ORGANIZATION

"Organizational economies," which encompasses a span of economies of markets, networks, and hierarchies, was originally proposed as a comprehensive concept to help researchers understand economies as interactive or organizational phenomena alternatively. The interdependent or interactive adjustment (not self-adjusting or self-organizing) between organizational economies, spanning from markets to corporate or governmental hierarchies, does not necessarily trade off such economies along this span of institutional interests. Rather, it has a potential to make them complementary, opening a way toward a more integrative economic system with synthetic structures and functions, provisionally called "geoeconomic organization," where agents behave in realistic organizational and geographical environments.

Across the globe, human reason and imagination enable human communication (or *vice versa*), which depends on not just prices but on the sympathetic or scientific exchange of understood situations and values. The Hayekian thought presupposes that money values are spontaneously and inter-subjectively evaluable. However, there are too many values that cannot be precisely evaluable in terms of money, such as life and love, though a part of them is (humorously) marketable as in Becker's (1973) expression of "marriage market." Humans not only seek goals and exchange marketable goods solely based on needs or instincts, but also socially desire or pursue creativity, truth, goodness, beauty, liberty, and justice with desires. This imaginative pursuit makes human economies and societies dynamic or unexpected, which will be really spontaneous for both individuals and society. Leaving things to markets are not necessarily spontaneous, and *the regional economic phenomena where rationality and sociality make the organization of economic actions embedded in geographies* are provisionally called "geoeconomic organization."

The spontaneous order or organism (Hayek, 1973: 36-38) used to be considered to self-organize itself, incorporating any artificial order called organization. This view is firmly based on theorizing the "natural" imitation of and immigration to successfully growing groups fittest to the "given" environment. However, humans are not just imitative and migrant but also imaginative and internally or inter-regionally dynamic. This room for original imagination and dynamics is the real spontaneous realm for freedom, where humans may even defy the geographical or organizational limit of inherently-imperfect markets when it continues to lose self-control for self-organization. Even without imitation or migration, (transport) technology or innovation was and is needed for making inherently-imperfect, non-geographical markets as partly ideal as predicted by neoclassical economics and Austrian economics, and this innovation used to be initiated and implemented (partly) by imagining the new dynamics of flying or passing over the land and Oceans, and further, exploring space.

Let us begin our discussion toward conceptualizing geoeconomic organization further based on the italicized definition right above, recalling the academic guru, Friedrich Hayek. Hayek (1973, 1988) viewed organization as the artificial order. This is a critical preconception, which has been examined and criticized so far, concerning humans' "endogenous" dynamics of socioeconomic organization as the imaginative or imitative process of social interaction. The second preconception is that organization seems not relevant to geography or space. However, it is interesting that Coase (1937: 387, 402-403) already addressed the spatial aspect of the "cost of organizing" transactions and production, directly employing von Thünen's concentric circles from *The Isolated State* (1826) and indirectly criticizing Hayek's (1933) interpretation of the market as an *organism*. While Coase (1972: 63) himself recalled the concept of transaction cost as the one "much-cited and little-used," this idea has rarely been cited and almost never been used analytically.

The first preconception to overcome is the artificiality of organization. If the spontaneous order, which Hayek alternatively called "organism," self-organized itself maintaining homeostasis eventually despite any intentional "organization," human design[7], which results

[7] Consider that interior, visual, or fashion design, whose expression is frequently used, originates from both

cumulatively from human imagination and imitation, should have been a result from cumulative imitation only or eventually at least in the long run. It is because innovation as "creative destruction" (Schumpeter, 1942, 1934) tends to destruct any existing equilibrium at least temporarily, so there is no guarantee that such ultimate equilibrium is reachable as long as humans may be spontaneous and innovative.

Meanwhile, human imagination, whose cognitive scope spans *from the past to the present and to the future* and *from selves to others*, seems a real impetus for developing local economies, which humans' rationality used to be believed to adjust with necessary information (perfectly aggregated into price signals at least locally) while their perfect rationality cover global economies, interactively rather than self-growing them unintentionally. This would be a matter of whether the market as an *organism*, which self-grows imitating something superior or best fitted to the environment, will not fail in self-organizing both spontaneous (or internal) and intentional (or external) organization across space at least in the long run.[8]

Although Williamson's (1967: 130) illumination on "organizational failure dimension" began from a bit negative and "nontechnical" viewpoint of "control loss" (phenomena), whose "cumulative effects are fundamentally responsible for limitations in firm size," both positive (benefit) and negative (cost) aspects of the rise of organizational economies despite or within the theorized (market) organism seem to call for further research in terms of social structure, technology, and, further, geography. Hayek's (1973: 36) "order," despite his different understanding from this article, is also spatiotemporally occurring under another name of "organization." Hayek (1945: 519-520) also interchanged them while defining organization as the artificial order elsewhere. This was inconsistent, but, on the other hand, strongly implies the conceptual commensurability of order and organization.

They are commensurable when (governance) structures as organizational constructions are considerable to evolve not just by imitation and immigration but also by imagination and the endogenous dynamics (of socioeconomic organization) that does not necessarily take a path to a spontaneous order or "self-organizing" (Krugman, 1996) local economy in equilibrium, where imitative agents immigrate. Humans form social and technological structures via formal or informal rules, but the constraint of rules depends on the *voluntariness* of interacting or transacting agents. Thus, price-mediated market exchange is not the sole form of (spontaneous) order or (spontaneous) organization. Voluntary choices are not limited to market exchanges. Both orders and organizations can or cannot be spontaneous, and the degree of this spontaneity may be revealed through "organizational economies," where markets as the least structured ones, firm organizations as the variously structured ones, and governmental organizations as usually the most structured ones or networks as hybrid ones interact socially and geographically in economic governance.

Further, in Simon's (1991: 27-28) perspective, organizational economies are both socially and geographically embedded or ordered, though he allocated a few paragraphs to explain the geographical aspect explicitly. More than two decades have elapsed since then while Simon's (1991) idea of organizational economies as economies embedded in organization and geography seems not to have been full-fledged. The questionable Hayekian organism and the epistemic meaning of organization are at the synthetic center of this unfledged Simonian idea of organizational economies, whose local or geographic implication for geoeconomic organization as *geographically-embedded dynamics of endogenous growth via social interaction and imagination* may help overcome the limited neoclassical understanding of human behaviors and structures, which are not necessarily to be negatively or selfishly feedbacked.

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imagination and imitation and Hayek (1945: 519-520, 1973: 34-38) explicitly interchanged organization or planning and order or design.

[8] If this matter is still understandable from the viewpoint of market failure, organization may also need to be discussed from the symmetric viewpoint that organizations can success or fail as markets and governments may success or fail in the long run. (As such, failures ranging from governments to markets might also be alternatively approached as organizational [or more broadly, institutional] failures.)

5. CONCEPTUALIZING GEOECONOMIC ORGANIZATION

Let us begin this section by restating the new definition of geoeconomic organization as *the regional economic phenomena where rationality and sociality make the organization of economic actions embedded in geographies*. In economies as the "regional systems" of competition and (voluntary) cooperation, humans' endogenous dynamics of socioeconomic organization, which is not necessarily negatively-feedbacked, is essential, whereas the Hayekian cultural evolution of institutions used to be limited to the evolutionary change of "imitated" rules which include traditionalized customs or short-lived practices. Because of such regional endogenous dynamics, ethics may also become more critical in more local areas, and imagination is thus called for in technical and cultural progress overcoming or adapting to the local limit of resources and environments, as Smith (1759) highlighted imagination as the capacity of the sympathetic but "impartial spectator" in ethical processes. Under the same dynamics, cultural evolution, which is essentially about the change of institutions and cultures, will also belong to the "spatiotemporal" change of positive or normative rules spanning from culture or art to science or technology unless (or before) it can be spontaneously ordered. Regardless of whether an important aspect of this change is called cultural evolution (or cultural change) or technological progress, it includes both naturality (or spontaneity) and artificiality, which cannot be ruled out or separated in geoeconomic organization.

For trans-action, bilateral or multilateral partner-searching, negotiating, enforcing, and monitoring necessarily incur costs, and these (external) costs often become "social" and "geographic" as potential partners do not have symmetric information and knowledge or reason (Coase, 1937, 1960) and their transactions occur in places (Coase, 1937: 387). Meanwhile, Friedrich Hayek (1937, 1945) stressed prices as information signals by which subjectively-valuing agents compare their individual "local" knowledge in valuing goods. The former scholar considered (firm) organizations "natural," and the latter regarded them as "artificial." The former emphasized agents' intentional internalization and organization of transaction (costs) in order to optimally behave in markets (across space) whereas the latter recommended (especially any single mind) not to intend or design organizations, which are in order to be spontaneously ordered and automatically or negatively feedbacked via markets without any centralized deliberation or rational planning.

These automated, negative feedbacks presume that one trader's gain is the other's loss, though the other is just anonymous another(s). One's gain is "consequentially rationalized" to be almost harmless or is interpreted to become even beneficial as, in Bernard Mandeville's paradox, anonymous another(s)'s sacrificed welfare is too ubiquitous and invisible to be locally pointed out in the global black box of transforming private vices into public benefits. In this ubiquity and invisibility, selfishness, which seemed not to necessarily involve responsibility, used to be considered to drive up divided labor and thus productivity in organizations and society with markets, whose commodity prices aggregate local knowledge or help agents compare monetary values to their local knowledge (Hayek, 1937: 48-50).

However, there is no "place" in the Mandevillian "global" black box of "replacing" such ubiquitously-sacrificed local welfare with ubiquitously-maximized local welfare. In reality, human decision making and interaction are multifaceted and embedded in geographies and societies, and large and diverse organizations spatiotemporally prevail. While many mainstream economics studies have gained analytical parsimoniousness through employing the assumption of rational egoism and methodological individualism, there has been too large (opportunity) cost of ideal market (failure), which is often minimized into a kind of neural nexus of the rationally-allocative egoist's cost-benefit calculations, whose potential problem will be due to public goods, externalities, and imperfect information, in realities. The real problem, however, is that at least one of the public, organizational, or informational externalities is almost always given to humans, which are not necessarily and wholly rational egoists. The more critical problem is that space itself yields significant externalities to many theoretical models without considering it.

As Simon (1996: 31-32) explained that about eighty percent of economic activity occurs

within corporate and non-corporate organizations, boundedly rational and limitedly informed humans are specialized with divisible labor and divisible knowledge, interacting socially or geographically. Socioeconomic activity is interdependent and embedded in geographies, and thus is often organizational and spatial. Perfect competition necessitates perfectly informed and rational humans but any modeling based on this presumption cannot help but ignore imperfect humans' strategic, ethical, organizational, or imaginative behaviors in geographical space. Humans are economic, social, and technological, because they can imagine (and sympathize other's controllable) past and future (exchange) situations or structures and realize such structures as technologies or organizations, through learning, practicing, training, and inheriting not only the fittest but also possible and even impossible artifacts. Humans not just adapt themselves to the social and geographical environment but also may change it and reflect upon or rationalize *post ante* its complex issues either politically or ethically.

Although alternative views like organizational economics and new institutional economics began to touch the question raised in the introduction few decades ago, it still seems not sufficiently answered from such mostly microeconomic approaches. As for macroeconomic approaches, it has rarely been considered as well, though Keynes (1936) made quite psychological inquiries into nations, viewing humans as beings with a kind of "animal spirits." Humans, who excel animals and are not necessarily selfish, used to be understood as decision-making agents who are imitative or migrant and goal-seeking (in the Hayekian thought), rationally egoistic and independent (in the neoclassical thought), or strategic and interdependent (in game theories), but imagination, which excel imitation, has rarely been discussed as a key to understanding humans' (creative) economic behaviors, which arise mostly in organization(s). Both forward-looking and backward-looking imagination, which may excel human imitation whose cognitive, backward-looking limit is bounded to the present or past affairs, will be the impetus for developing local economies, rather than growing them following an order to be theoretically spontaneous. Local knowledge and imagination, which are inherently social or organizational, are critical to local economic development by and for which cooperative or competitive organizations develop in order to locally or globally marketize their products, not themselves, if necessary.

In markets and economies, spatiotemporal circumstances are critical as Hayek (1937, 1988) emphasized. Nevertheless, time is often relatively or arbitrarily defined and space has been relatively rarely considered in economics. In particular, how long is the long run is often ambiguous. The period when all production factors may vary is usually meant but it will not exceed several years, which was in turn one of the motivations that Piketty (2014) questioned twentieth century's capitalism, pointing out the potential problem of diverging capital return rates from economic growth rates ($r > g$) over the very long, centennial period. These suspicions about the omniscience and omnipotence of an-invisible-hand-governed market mechanism seem especially due to the reductionism by which many economic studies have tried to overgeneralize rational egoists' cost-benefit calculation problems to the socioeconomic problems themselves that are applicable to all times and regions.

As for mainstream or neoclassical economics, which usually views human agents as rational egoists, the question raised in the introduction used to be often a negligible question. In this most influential economic tradition, agents used to be the (unboundedly) rational decision-maker to whom local organizational or spatial structures do not matter. In regional economics and economic geography, further, even the question itself has rarely been researched. As for variables representing regional circumstances, thus, the distribution of local and global resources used to be (implicitly) assumed normal as long as humans are perfectly informed and not boundedly rational.

As for humans with imperfect information and bounded rationality, however, what is more often neglected and untouched is that structures become as specific as circumstances become locally in either abstract or physical space, regardless of whether those structures are social or technological. The assumed global homogeneity (of the local distribution of variables including knowledge as a public good) in the residuals was also a strong rationale for (conditional) convergence of economic growth (rates). In this assumption, the plain on which economic interactions occur was geographically homogeneous and knowledge or institution was often

globally replicable. The structural and imaginative formation of technology and institution was rarely considered. The fact that knowledge, which humans can develop imaginatively as a socially interactive (learning) process, may become a base for such formation was often neglected.

In regions, knowledge is not only (economically) capitalized but also (socioeconomically and imaginatively) organized or structured. Amidst glocalization, local or global knowledge seems more important in regions, whose economic development seems largely interdependent with the organization of knowledge and knowledgeable humans' embodied and socially-embedded capital, which are drawn from mostly local (or sometimes global) labor pools. This interdependence should be considered critical because, as for regions, the understanding of local endogenous knowledge as an epistemic structure or process of mentally organizing locally-perceivable socioeconomic elements can be essential for explaining and engendering heterogeneously knowledgeable humans' organizational phenomena (ranging) from local (to global) socioeconomic interactions in and across institutional or geographic boundaries. Both rationality and sociality spatially matter in geoeconomic organization as *the geographically-embedded dynamics of endogenous growth via social interaction and imagination*.

6. HAYEK AND CONCEPTUAL IMPLICATIONS OF GEOECONOMIC ORGANIZATION

In economics and philosophy, Hayek (1933, 1937, 1945, 1960, 1967a, 1967b, 1973, 1988) contributed to submitting his plausible theories of market as a representative spontaneous order where only (one) similarly-interested organization(s) *per* locally-knowledgeable individual is "locally" allowable at least so that each local group with a similar preference may communicate with each other by submitting to the price system in order to accurately aggregate local information into prices (Peart and Levy, 2011). However, his theory did not succeed in corroborating how the preferences of actually-existing multiple organizations (or communities) *per* individual are necessarily aggregated or disaggregated into prices in the local market, where space itself also becomes a significant externality. The dispersion of information to a local level and local knowledge accumulation were understood to become evolutionary via spatiotemporally-occurring imitation and migration. This is primarily backward-looking. Further, there was no explanation about why the transmission of environmentally-fittest cultures become dominant (traditions) in historically or geographically heterogeneous regions even when the members do not know why they are doing but traditionally believe in something idol or transferred from outside their group as numerous anthropological evidences have been discovered. In addition, local information differs from local (reality-correspondent) knowledge, which can be developed or structured creatively for the innovation and education of technology and institution in a forward-looking way.

Rather, market is a most important but only a part of society, and is not the synonym of economy. Humans tend to "freely" or "involuntarily" organize knowledge in "order" to arrange mental and physical elements correspondingly but not necessarily toward an equilibrium, where their optimal relations would be unstructured ones, but there is no guarantee such a tendency ultimately leads to the spontaneous order. This lack of guarantee is paradoxically and primarily due to the fact that *humans are spontaneous, not the order itself*. As discussed earlier, the second reason is that regions are local or geographical. Locality may make circumstances too complex for regional economies to eventually take a path toward the spontaneous order, where knowledge might need to become a Hayekian spontaneously-ordered base of institutional and technological development.

Regions and their orders are often structurally different according to areas since they have heterogeneous production and consumption factors including "organization" as Alfred Marshall's (1890) original fourth production factor.[9] Regardless of whether the historical

[9] Coase (1937: 388) already noted that Marshall (1890) had discussed organization as the fourth

mechanism of regional poverty may be called the "vicious circle of poverty" (Nurkse, 1953), for instance, it is true there are still numerous regions whose income growth has rarely been made while they were experiencing decades of "structural poverty." Unless systematic biases occurred in social or embodied cognitivity measures including IQ tests, it is apparent there have been persistently large interregional gaps in such scores and been "poverty traps" associated with under-the-minimum nutrition or education, which potentially hinder developing regions' development of knowledge and human capital as an essence of regional economic development or prosperity in civil wars.

Those gaps imply heterogeneously-knowledgeable humans heterogeneously agglomerate in the differential circumstances of social and technological custom or infrastructure, which yields externalities to cumulatively cause either prosperity or poverty. Such Myrdalian (1957) circular and cumulative causation, which does not necessarily occur toward disequilibria if humans intentionally endeavor to change, is more likely to occur negatively when local creative knowledge fails to be utilized for economic innovation and institutional customization. It is especially because the local endogenous process or structure of creative knowledge development is either organized culturally as the epistemic base for the *socially-embedded* institutionalization of *practice* and *custom* as in Hayekian cultural evolution or developable endogenously and economically as *humanly-embodied capital* as in EGT.

Thus, the local endogenous process or structure of socially-embedded and humanly-embodied creative knowledge development seems to have become as increasingly important as other variant regional circumstances of factor endowments or social norms. Put simply, in this century's knowledge-based economy, local knowledge development can be a rationale for heterogeneous socioeconomic organization across regions rather than the spontaneous order, when "blurred and varying boundaries" (Simon, 1991, 1996) change in the endogenous dynamics of socioeconomic organization.

Despite Hayek's illumination on the importance of local knowledge in the spontaneous order, however, regional-level organizational phenomenon has rarely been researched or criticized from the economics viewpoint of local "endogenous" knowledge development. As Edmund Phelps (2015) pointed out the need for understanding firms as "a ferment of creative minds," regions' innovative development, which is based on (boundedly) rational and social humans' creative volition, needs to be further theorized as the one that is endogenous to market, firm, and other network organizations. *It is particularly because spontaneous humans are naturally bounded in the limit of rationality, society, and geography but can still be spontaneous when they try to be creative in overcoming such limit*. Aside from the neoclassical black box of global knowledge distribution, however, even Hayek's approach is quite unclear about how local knowledge is selected, replicated, and inherited especially between groups and generations. Even in the presence of such ambiguity, however, local endogenous knowledge itself and its process of engendering custom and technology can still be important in regional economics and economic geography, which may address differently-knowledgeable humans' regional or local economic interactions across time and space.

There could be spontaneous orders and they might have appeared prevalent, but it is uncertain for a type of "the spontaneous order" to spontaneously order or replicate itself, its knowledge, and its environment in its entirety (Crutchfield, 2012). In fact, global or spontaneous determinants cannot often be fully perceivable and the continuum between extremely local and global phenomena is relative and multi-leveled so that scholars often cannot precisely grasp and parsimoniously slice them for analysis. It is true sometimes in natural science, and is true often more apparently in social sciences, which hardly have any constants.

Further, in spite of such potential importance of local (creative) knowledge as an institutional and technological base as (partly) demonstrated in Elinor Ostrom's behavioral experiments, it has not been researched from the organizational viewpoint that a distinguishable socioeconomic phenomenon often called "economic governance" involves changes in the social-embeddedness and human-embodiment of localized knowledge across

production factor.

regions. This organizationally-interpretable phenomenon may imply that, together with local knowledge and technology development whose externalities may potentially spill over to increasingly remote areas on the globe, the local circumstance of socioeconomic structures has changed interactively or organizationally to make the conventional boundaries of governments and markets "blurred and varying" (Simon, 1991) in regions. Under those organizational changes, local economic governance has become observable as a phenomenon where competition and cooperation are made dynamically across the institutional and geographic boundaries of economy as a system or process of *economic organization*, i.e., a (dynamic) system to (self-)organize economic interactions. In this phenomenon, spontaneous and artificial orders (or organizations) seem dynamically interwinded, but whether they and their local or global constellational formation is spatiotemporally ordered or disordered depends on perspectives and spatiotemporal circumstances.

Despite such organizational and even complex implications especially for regions' "socioeconomic" phenomena, there would also be more significant determinants of local economic development and would also be a relatively-global trend or tendency. However, it is important not to generalize a mechanism of developed countries to others, purely based on statistical inference without considering geographical or historical heterogeneity. Instead, it would be practically parsimonious to focus on such several common *institutional* and *technological* variables as the circumstantial determinants of "local" heterogeneity that can still be operationalized to complement or moderate analytically-parsimonious few factors like K and labor L, for example. Those factors, which often become complementary to K and L, are not necessarily exogenous or are not the variables whose (statistical) endogeneity should be statistically controlled for. Under the assumption of "global" homogeneity in the (Solow) residuals and (conditional) convergence, regressing regional income (Y) on K and L may need several geographical, social, and technological variables that are locally variable but globally distributed either normally or non-normally. This necessity well exemplifies why geography, containing those variables, becomes as important today in *the geographically-embedded dynamics of endogenous growth via social interaction and imagination* as it is contradictory, for instance, to Thomas Friedman's "flat-world" hypothesis. Featureless plains cannot become *local* though they could be market spaces as for rational egoists.

7. CONCLUSION

The academic necessity and definition of geoeconomic organization have been examined with an emphasis on preconceptions and new conceptualization, in search for an alternative answer to this article's beginning question. How do economies efficiently work between or within micro- and macro-level organizations, where networked agents work locally rather than exchange goods globally and individually? Geoeconomic organization as *the regional economic phenomena where rationality and sociality make the organization of economic actions embedded in geographies* has been discussed as an alternative to the neoclassical (or Austrian) economic concept of economy, where economic interactions are often limited to rational exchange (or *catallaxy* for turning competitive exchange into voluntary cooperation via imitation and migration).

Work as an interaction really matters to understanding (market) economies as organizational phenomena. It is no coincidence that work, network, and organization have the same PIE root *werg-*, meaning "to do or act" (Harper, 2016). In general, work is interactive and networked, so behaviors occur more or less interdependently. Naturally, organization, where actors interdependently work, either spontaneously or artificially emerges from (the dilemma of) collective action. This emergence implies the question of (market) organization will center on spontaneity and artificiality so long as economic agents interdependently behave in society. From this implication, it was derived and examined that sociality as well as rationality makes the organization of economic actions embedded in geographies as a regional economic phenomenon to be called "geoeconomic organization."

Regardless of whether institutional changes are described as cultural evolution, an organism

as a system to (self-)organize and rules are formed trans-actively in organization(s). It is no coincidence that institution, constitution, and system all share the same PIE root *sta-*, meaning "to stand" in, together, and with or synthetically. To stand together, making rules, interactions, or organizations is natural especially locally. Knowledge is also naturally required to set up (*sta-*) an epistemic structure whose correspondence and coordination with economic actions are embedded in local circumstances. Since knowledge is more or less local, the locus of organizational phenomenon spans from hierarchy to market in local regions.

More specifically, in each local region, local (and creative) knowledge will be critical if the less nourished, less educated, and less experienced humans are, the less knowledgeable (at least technocratically) they are likely to be, *ceteris paribus*, though they could be wiser, more emotional, or mentally healthier. However, although (the partial or local equilibria of) both artificial (or "totalitarian" [Hayek, 1967b: 171]) and spontaneous orders are not always reached in order to be spontaneously fitted to general equilibrium (Barry, 1982; Butos, 1985), given the Hayekian definition of "order" is applicable here as a fundamental concept built upon the correspondence and coordination of (economic) knowledge with (economic) action, why and how (intergroup) economic interactions among knowledgeable actors lead to the spontaneous order like a market are still unclear.

Again, it should be noted that organism is not synonymous with self-organization. There is hardly any convincing explanation of why the thesis of the spontaneous order as organism could have contradicted such important laws as entropy in natural science, if the physical perspective might have been applied. Given Hayek's writings including his latest ones (1988) are mostly consistent with Charles Darwin's *The Descent of Man and Selection in Relation to Sex* (1871) as well as *The Origin of Species by Means of Natural Selection* (1859), there should have been more substantive evidence or theory to explain the analogy or difference between cultural evolution and natural evolution. While pointing out the partiality and relativism of general or global scientific knowledge in its application to locally-variant and uncontrollable complex environments, Hayek (1967a) underestimated the value of theory-building by (thought) experiments and statistics to test hypotheses *ceteris paribus* in accordance with constructivist rationalism (or rationalist constructivism) and empiricism.

Now given this article's definition of organization (or order) as a process or system to organize socioeconomic elements in comparison to organism, "geoeconomic organization" will be worth further research concerning how local economic interactions become structurally and technologically organizable either with or without deliberation as Simon's (1991) conceptualized "organizational economies" become organized either unintentionally or intentionally on geographic space. To clarify the meaning of organizational economies on space, it seems necessary to consider the often-neglected spatial condition in which agents and their interactions are structurally or functionally organizable. For this, first, it should be noted what is the original and academic meaning of "organization" as a base for Simon's (1991) concept of organizational economies. Etymologically, the fact that organization is the noun form of *organize* reminds us of its "dynamic" implication, as its original meaning is "to make *organs* a whole of (autonomous) parts interdependently work" (Harper, 2016). This original definition suggests it explicitly expresses the other, dynamic aspect of itself as well as its already-acknowledged static meaning.

When it comes to academics itself, on one hand, organization used to be perceived to have certain forms or modes. This is best illustrated by Williamson's view of governance structure as "organizational construction" (Williamson, 2000: 602) with the modes of contractual relations. Optimal, efficient, or stabilized structure has often been the principal criterion by which organization is perceived conceptually and theoretically.

However, on the other hand, from Herbert Spencer's (1864) *The Principles of Biology* and Marshall's (1890) *Principles of Economics* (*PE*) to organizational economics and evolutionary economics, organization has two-faceted meanings, e.g., structural and functional meanings. As also overviewed earlier, it is a (interactive or dynamic) process or (intermediate or static) product of organizing. In other words, it is a functional process or structural product of organizing.

In this sense, organization is viewable as systemization when the meaning of "process" is

relatively emphasized. It also can be viewed as order, which Hayek (1973: 36) defined in the meaning of "state." Considering the possible expression "the state of process," order should be comprehensive, as this article has approached order as organization alternatively.

In such organization or order, "locally-changing determinants" are much more important in real-life economies. It is because they can be critical in locally-changing free-willed humans' economies in geographic space, where they can surely interact. Economies are not explainable entirely by physics or physical concepts like elasticity, which is applied from physics by Marshall, or by Hayekian biological analogies. What is certain for economies is that they are also too dynamic to be observed or predicted to evolve toward such an idealized order as the spontaneous order.

More than a hundred years ago, Marshall (1890) already approached economies as systems where the four production factors, e.g., land, capital, labor, and organization dynamically interact toward or out of equilibria in regions or industrial organizations that structurally contain (a) large (number of) functional markets "may or may not be localized" (*PE*, V. I. 2). Space, together with time, gives dynamic conditions to the potentially-variable forms and functions of such "organizational" structures. Meanwhile, in theory, optimal functions are conveniently derivable from the assumption of perfectly-informed rational egoist. The optimal institutional (and technical) structure of or in organization without these conditions, however, is likely to be non-optimal or inefficient when externalities are considered to intervene in it.

Geoeconomic organization is not only spatial but also temporal. In the long (or short) run, when all production factors can (or cannot) be variable, time itself is not an independent determinant but just a relative constraint or criterion of choice to now or ever allocate resources. As in neoclassical economics, independent individuals can slice time as a (preferred) hour of labor or others, but they do not utilize time itself but their labor or others measured in "objective" time units. For philosophic economists like Hayek, objective time used to be subjectively valued and experienced by individuals to unintentionally make interrelated elements biologically ordered toward the spontaneous order together, and, to others like Joseph Schumpeter and Karl Marx, it was historical and synthetic.

In the meantime, space itself can be an independent (production) factor when it is geographic. When geographic, it even becomes land containing other natural resources physically. Thus, geographic space itself can be utilized for production and consumption in geoeconomic organization. Further, its intensive use can often facilitate economic interactions saving transportation cost, transaction cost, information cost, communication cost, or whatever scholars with different perspectives call pointing to the same. If agglomerative, firms and consumers can maximize its externalities in the form of agglomeration economies. Neoclassical economics usually sees such "spatial" externalities as ones to be eventually internalized into the market in the long run or as a "nuisance" (Krugman, 1995).

Over plains, peas spontaneously but unintentionally produce peas, while humans may spontaneously but intentionally produce humans and their economies, institutions, cultures, and technologies. As to humans, real spontaneity embraces free volition as a reason and right for advancement rather than evolution. From now on, considering this real spontaneity, it seems worthy of attention to further examine how valid geoeconomic organization will be in our understanding and developing our regional economies spontaneously.

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