

WILLIAM O. WARE LODGE OF RESEARCH

Chartered 1965

THE EXTERNALITIES OF FREEMASONRY

Darrin V. Gulla, PhD, Lexington Lodge No. 1
January 2025

The field of economics develops a framework where goods and resources flow to their highest valued uses thereby maximizing social welfare. This efficient outcome emerges, however, only under a strict set of assumptions; the presence of market power, taxes and subsidies, or price controls, for example, can prevent the preferred outcome from arising.

Another such condition that often disrupts the efficient economic process is the presence of externalities – external costs or benefits of production and consumption. That is, some production processes generate costs borne by others outside the direct producer (negative externalities) while some consumption passes on benefits in addition to those realized by the individual consumer (positive externalities). Pollution and crime are common examples of negative externalities, and education and vaccinations could be considered instances of positive externalities.

The very structure of Freemasonry generates a variety of externalities, both positive and negative, that must be recognized and examined for Lodges to function properly and to succeed in furthering our ideals.

The tenets of our Order offer a construct through elegant imagery and metaphor which allow the individual brother, when properly observed, to direct his energies towards improving himself and being a true and good man. While a strict application of these principles generates direct private benefits to each of us when exercised in accordance with our ancient precepts, our own families, coworkers, and broader communities at large also realize benefits indirectly from our process. Freemasonry, thus, functions much like education in its ability to produce positive externalities where many folks benefit from our own individual consumption of Freemasonry. A strong commitment to ritual, education, and community engagement within the Lodge improves us as individuals as well as our stature within our communities thereby enhancing this particular kind of externality and elevating the well-being of Freemasonry.

At the outset of our Masonic experience, we are instructed that by keeping our passions and desires within due bounds by the aid of the compasses, it is not possible for us to materially err. Well, we are human and maintaining ourselves thus duly circumscribed is quite challenging. The results of individual bad behavior reflect poorly on our fellow brethren in addition to ourselves, imposing unwanted costs on others. This negative externality diminishes the reputation of Freemasonry at large much like pollution adversely affects the air we breathe and the water we drink. The so-called Morgan Affair should alert any and every Mason to the dangers of bad behavior. A few energetic brothers in Upstate New York nearly single handedly eliminated the Craft from North America in its entirety two hundred years ago.

Our internal judicial processes, with its threat of suspension and expulsion, aim to address this issue, but often times it is not fully recognized at the individual level and is applied only after the fact, and the damage already done. Effectively guarding the West Gate constitutes the first line of defense against such problems.

Another set of slightly different externalities, known as Network Effects, exists that could affect Freemasonry and should be considered. In my mind this particular phenomenon contributes to the extraordinary and, dare I say, elite nature of Freemasonry.

The most common example of this type of externality occurs on the consumption side of things where as the number of consumers of a good rises so too does the utility (i.e., satisfaction) associated with that consumption. Telephony is considered the classic example among economists where the benefit of an individual telephone rises naturally with the number of households that actually possess a telephone.

Freemasonry is structured as a Brotherhood and a shared experience for a reason. If we are to walk the difficult road of our ideals with no support, we are doomed to failure. The very nature of the Order is such that we rely on the Brothers to whom we are tied by the most sacred binds so that we can attempt to live as true and good men. A Network is thus formed from the start of our thing. As we bring more Brothers into our endeavors, the stronger ties we have, and hence, the easier our road will become as we have larger support group to draw upon.

This simple outcome, where men strive to assist each other in being better men, is what makes Freemasonry a truly unique and exceptional experience. This Network Effect is what makes Freemasonry a truly elite organization in that no other institution attempts to achieve this result. The very nature of the experiment involves one man helping and assisting another to become the best possible man who is inside of him and, in the process, makes the teacher a better person as well.

A strict attention to living in accordance with our ideals furthers these Network Effects. A Lodge that demands such dedication will find greater participation and application of the goals of the Order when a firm and rigid set of expectations is established as that standard furthers the Network Effects (Iaconne 1992). In this fashion the negative externality is automatically internalized by each individual brother as any poor decision will reflect badly not just on the individual Brother but also on his fellow Brethren.

It should be noted, however, that these sorts of externalities may diminish with greater numbers as the ability to discipline the group to the best results might become difficult as numbers grow. As such, we should be careful when engaging in activities that are simply driven by a quest for numbers. Perhaps, our Brothers to the North who have engaged in one-day Masonry could attest to that issue

The discussion above suggests that Freemasonry, by its very nature, is an institution encumbered with multiple externalities. The critical issue at hand for Lodges is to recognize that these elements are both positive and negative necessitating the development of approach that accentuates the positive ones and mitigates the negative ones. The strongest externalities that we as Freemasons

encounter involve the Network Effects as they can address the others – a stronger, more closely tied Lodge will internalize the negative externalities as a result of their close ties and will naturally seek to accentuate the positive and mitigate the negative.