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Toward the Institutionalization of Macromarketing: Sustainable Enterprise, Sustainable Marketing, Sustainable Development, and the Sustainable Society

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Abstract

Major events in the institutionalization of macromarketing include (1) the series of macromarketing conferences that began at the University of Colorado in 1976, (2) the founding of the *Journal of Macromarketing* in 1981, and (3) the establishment of the Macromarketing Society in 2004. This article focuses on the continuing institutionalization of macromarketing by providing a commentary on Mark Peterson's new textbook, *Sustainable Enterprise: A Macromarketing Approach*. The commentary is structured around seven questions: (1) What is Peterson's "sustainable enterprise"? (2) What is a macromarketing approach? (3) What is the "stability illusion" and how does Peterson dispel it with resource-advantage (R-A) theory? (4) How does R-A theory relate to sustainable marketing? (5) Does the text contribute to institutionalization or reinstitutionalization? (6) Was the financial crisis a "failure of laissez-faire"? (7) Where is the discussion of the "welfare-state, Ponzi illusion," and the sustainable society?

Keywords

sustainable enterprise, institutionalizing macromarketing, resource-advantage theory, teaching macromarketing, sustainable society

When the study of a particular subject area in academia has become fully institutionalized, it becomes a "discipline" or "subdiscipline." The activities and accomplishments that contribute to the institutionalization of a subject area (or an approach to the study of a subject area) include, most prominently, (1) the promulgation of research projects on the area, (2) the holding of conferences devoted to presenting papers related to research on the area, (3) the development of courses on the area, (4) the founding of a journal or journals devoted to publishing research on the area, (5) the establishment of societies of scholars interested in the area, and (6) the development of teaching materials on the area.

For example, the process of institutionalizing marketing as a discipline in the United States may be traced to research projects, conferences, and the development of marketing courses in universities in the early 1900s, which was followed by the founding of the *Journal of Marketing* in 1936 and the merger of the National Association of Marketing Teachers with the American Marketing Society to form the American Marketing Association in 1937 (Bartels 1976; Shaw and Jones 2005; Witkowski 2010). Also contributing to the institutionalization of marketing was the development of several textbooks on marketing in the 1920s, including Cherrington (1921), Converse (1921), Duncan (1921), Clark (1922), Ivey (1923), Brown (1925), and Maynard, Beckman, and Weidler (1927).

The subject of this commentary is the continuing institutionalization of the area now referred to as "macromarketing." Major events in the institutionalization of macromarketing include: (1) the series of macromarketing conferences that were first organized by Charles C. Slater at the University of Colorado in 1976, (2) the founding of the *Journal of Macromarketing* in 1981, under the editorship of George Fisk, and (3) the establishment of the Macromarketing Society in 2004, with Robert W. Nason as its first president. However, a major factor inhibiting the institutionalization of macromarketing has been the absence of appropriate teaching materials (Shapiro 2006; Tamilia 1992). This shortcoming is beginning to be addressed. As to articles suggested for teaching doctoral seminars on macromarketing, readers should see the website of the Macromarketing Society. As to textbooks for teaching master of business administration (MBA) courses using a macromarketing

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approach, readers should take note of a recent textbook authored by Mark Peterson, entitled *Sustainable Enterprise: A Macromarketing Approach* (Peterson 2012).

The purpose of this article is to discuss the continuing institutionalization of macromarketing by providing a commentary that focuses on Peterson's (2012) textbook. The commentary is structured around seven questions: (1) What is Peterson's "sustainable enterprise"? (2) What is a "macromarketing approach"? (3) What is the "stability illusion" and how does Peterson dispel it with resource-advantage (R-A) theory? (4) How does R-A theory relate to sustainable marketing? (5) Does the text contribute to institutionalization or reinstitutionalization? (6) Was the financial crisis a "failure of laissez-faire"? and (7) Where is the discussion of the "welfare-state, Ponzi illusion" and the sustainable society?

What is Peterson's (2012) Sustainable Enterprise?

Readers should note carefully that the main title of Peterson's (2012) book is *Sustainable Enterprise*, whereas "macromarketing" appears in the subtitle. The "sustainable" portion of the main title positions the book within the broad area now customarily referred to as *sustainable marketing*, which itself is normally considered to be within the even broader area of *sustainable development*. To understand Peterson's sustainable enterprise, therefore, we need to understand sustainable marketing and development.

At least since the early 1970s, a portion of the marketing literature has focused on what is often known as "green marketing." Peattie (2001) suggests that the green marketing literature can be categorized into three "ages." The first age was the 1970s' *ecological* marketing that focused on particular environmental problems, such as air pollution, the depletion of oil reserves, and the impact of pesticides on the environment (e.g., Henion and Kinnear 1976; Kassarjian 1971). The second age was the 1980s' *environmental* marketing that focused on advocating clean technology, understanding and targeting the "green consumer," viewing good socioenvironmental performance as a potential basis of competitive advantage, and encouraging marketers to take a physical systems view of businesses (e.g., Elkington and Hailes 1988). And the current, third age of green marketing is *sustainable* marketing, which focuses on the goal of creating sustainable development and a sustainable economy. In such an economy, the full environmental costs of production and consumption are incorporated (Peattie 2001).

Sustainable development is development that "meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations World Commission on Environment and Development [UNWCED] 1987, 8). Sustainable marketing, then, "is marketing within, and supportive of, sustainable economic development" (van Dam and Appledoorn 1996, 46). The sustainability movement may be viewed as bringing together a diverse group of social activist organizations, whose goals, policies, ideologies, and action plans share a common "worldview" (Bridges and Wilhelm 2008). This worldview incorporates ecological (environmental), social (equity), and financial (economic) sustainability, which are often referred to as the "three Es" that constitute the "triple bottom line" (Savitz and Weber 2006).

If sustainable marketing focuses on the goal of creating sustainable development and a sustainable economy, what, then, is sustainable *enterprise*? The use of the word "enterprise" by Peterson (2012) is meant to tie the contents of *Sustainable Enterprise* to genuine entrepreneurship, rather than, as Peterson puts it in the Preface, the "business as usual" form of marketing management. Indeed, the subject of entrepreneurship is woven throughout the book. That is, the theme of how business entrepreneurs can identify and develop market opportunities, while keeping in mind sustainability-related issues, underlies the entire book.

For example, each chapter of *Sustainable Enterprise* begins with a vignette featuring a living protagonist who faces a real-life challenge related to marketing and society. A series of questions that stimulate students to think about the issues in the vignette then immediately follows. Also, each chapter closes with a short case called Mavericks Who Made It. These short cases and the questions that follow them invite students to reflect on the contents of each chapter. My reading of the vignettes and cases suggests that they are an effective way for students to learn how it is possible for firms to operate in the marketplace to achieve profits with, as Peterson puts it, a "social conscience."

An effective textbook makes its subject matter relevant to students' perceived needs. MBA students are unrelenting in their desire to learn about subjects that can assist them in securing good jobs and in being successful in the jobs they ultimately secure. A major strength of the book is that it successfully ties sustainability to the success of enterprises, and thereby, to the potential success of students in the marketplace. In my view, the focus on sustainable enterprise is effective.

What Is a Macromarketing Approach?

The subtitle of Peterson's (2012) book is "*A Macromarketing Approach*." Readers should note that *Sustainable Enterprise* is not the first textbook with "macromarketing" in its title. To my knowledge, the first such text was *Macro Marketing: A Social Perspective*, by Moyer (1972). It was designed to be used as "a supplement to managerially oriented marketing texts either at the introductory or intermediate level" (Moyer 1972, ix). A second, expanded, edition of the book appeared six years later (Moyer and Hutt 1978), with the following three parts and nine chapters:

Part 1—System Performance
1. Marketing's Role in Society
2. Marketing Efficiency
3. Advertising Performance

Part 2—The Marketing Mix: Ethical and Legal Dimensions
4. Product: The Ethical and Legal Dimensions
5. The Ethical and Legal Dimensions of Promotion
6. Price: Ethical and Legal Dimensions

7. Channels of Distribution: Ethical and Legal Dimensions

Part 3—Societal Monitors of the Marketing Process

8. Consumerism
9. Marketing's Role in Society: A Continuing Assessment

Compared with Moyer and Hutt (1978), which went out of print in the 1980s, the structure of *Sustainable Enterprise* is the following five parts and fifteen chapters:

Part 1—Macromarketing for Sustainable Enterprise

1. 21st Century Micro and Macro Issues
2. How Efficient and How Effective are Markets?
3. Marketing and Society
4. Stakeholders in Marketing
5. The Role of Business in Society
6. The Role of the State in Society

Part 2—Enterprise with Market Dynamism in Mind

7. Contemporary Consumers
8. Collaborative Leadership
9. Globalization

Part 3—Enterprise with the Environment in Mind

10. The Environmental Imperative
11. Environmentally-Oriented Business
12. Sustainable Entrepreneurship

Part 4—Enterprise with Equity in Mind

13. Developing Markets
14. Poverty Alleviation

Part 5—The Future of Marketing is Macromarketing

15. Venturing into the Future of Market-Based Sustainability

What, then, is a "macromarketing approach"? Since the first macromarketing conference in 1976, the most commonly used definition of macromarketing is that it is "the study of (1) marketing systems, (2) the impact and consequences of marketing systems on society, and (3) the impact and consequences of society on marketing systems" (Hunt 1977, 56). Indeed, after three-plus decades, this "definition has stood the test of time and is currently widely used and cited in the macromarketing literature" (Nason 2011, 265). Clearly, both Moyer and Hutt (1978) and Peterson (2012) adopt a macromarketing approach, for both texts explore the nature of marketing systems and evaluate the consequences of those systems on society, as well as the consequences of society on marketing systems. For example, both books explore issues related to the efficiency of marketing and the effects of marketing on consumers.

Equally clearly, however, the structure and topic coverage of the two books differ dramatically. Indeed, many of the topics discussed in Moyer and Hutt (1978), for example evaluations of advertising performance and the legal aspects of marketing, are not addressed in Peterson (2012). Likewise, many topics in Peterson, for example stakeholders in marketing, collaborative leadership, globalization, and poverty alleviation, are not examined or discussed in Moyer and Hutt. One reason for the differences in coverage is, of course, the simple fact that more than three decades separate the two books. The label "sustainability" was not in use in Moyer and Hutt's time. However, I suggest that there are three other reasons.

First, Moyer and Hutt (1978) attempted to take a macromarketing approach to the subject of marketing *in general*, whereas Peterson's (2012) efforts are directed at taking a macromarketing approach to the narrower topic of *sustainable enterprise*. Therefore, the topics differ. Second, Moyer and Hutt's approach was descriptive and evaluative, but not managerial in thrust. In contrast, Peterson's approach is described in the Preface as being "about managerial macromarketing." That is, not only does Peterson describe and evaluate, he also offers specific guidance for managing firms from a macromarketing perspective. Third, Peterson's use of a "macromarketing approach" in the subtitle embodies not just managerial guidance but also the results of macromarketing scholarship over the last three-plus decades. Throughout the book, Peterson raises issues and questions that are then analyzed with the aid of macromarketing scholarship, as reflected very prominently in publications from the *Journal of Macromarketing*. As Peterson puts it in chapter 1, "marketing strategists and entrepreneurs do not have to begin from scratch, . . . they can draw upon the accumulated knowledge of more than 30 years of macromarketing research." In my view, Peterson makes effective and thoughtful use of marketing scholarship in his analyses.

What is the "Stability Illusion" and How Does Peterson Dispel it with R-A Theory?

In chapter 2, Peterson (2012) discusses the "illusion" that markets are stable, which stems from neoclassical economics' view that competition "moves inexorably toward equilibrium." The chapter then provides a summary of the resource-advantage (R-A) theory of competition that was first introduced in marketing in Hunt and Morgan (1995). The summary makes good use of the three structures that depict the essence of R-A theory: (1) R-A theory's schematic of the process of R-A competition (see his chapter 2, figure 5), (2) the competitive position matrix (see his chapter 2, figure 6), and (3) the foundational premises of R-A theory (see his chapter 2, table 1). The chapter points out that R-A theory "challenges neoclassical economics' view of general equilibrium and the inherent stability of market economies" because, for R-A theory, competition is disequilibrating and an ongoing process. Indeed, in "R-A theory, the illusion of stability in the market place is removed as innovation by entrepreneurs and marketers continues to keep markets in disequilibrium." Also, R-A theory shows "how the micromarketing subjects of business and marketing strategy fit into the broader, macromarketing topic of competition."

Peterson's summary of R-A theory is remarkably accurate. Missing from the summary, however, is the unique aspect of R-A theory that makes R-A competition *necessarily* dynamic. This unique feature of R-A theory needs to be emphasized in order to fully understand the dynamics of competition.

Readers who are familiar with R-A theory will recall that it places great emphasis on innovation, both proactive and reactive. The former is innovation by firms that, although motivated by the expectation of superior financial performance, is not prompted by specific competitive pressures—it is genuinely entrepreneurial in the classic sense of *entrepreneur*. In contrast, the latter is innovation that is directly prompted by the learning process of firms' competing for the patronage of market segments. Both proactive and reactive innovation can be radical or incremental, and both contribute to the dynamism of R-A competition.

Firms (attempt to) learn in many ways—by formal market research, seeking out competitive intelligence, dissecting competitor's products, benchmarking, and test marketing. What R-A theory adds to extant work is how the process of competition itself contributes to organizational learning. As the feedback loops in the schematic of R-A competition (see Peterson's figure 5) show, firms learn through competition as a result of the feedback from relative financial performance signaling relative market position, which in turn signals relative resources. When firms competing for a market segment learn from their inferior financial performance that they occupy positions of competitive disadvantage (see the competitive position matrix), they attempt to neutralize and/or leapfrog the advantaged firm/firms by acquisition and/or innovation. That is, they attempt to acquire the same resource as the advantaged firm/firms and/or they attempt to innovate by imitating the resource, finding an equivalent resource, or finding (creating) a superior, nonsurpassable resource. Here, "superior" implies that the innovating firm's new resource enables it to surpass the previously advantaged competitor in terms of either relative costs (i.e., an *efficiency* advantage), or relative value (i.e., an *effectiveness* advantage), or both.

Firms occupying positions of competitive advantage can continue to do so if (1) they continue to reinvest in the resources that produced the competitive advantage and (2) rivals' acquisition and innovation efforts fail. Rivals will fail (or take a long time to succeed) when an advantaged firm's resources are either protected by such societal institutions as patents, or the advantage-producing resources are causally ambiguous, socially or technologically complex, tacit, or have time compression diseconomies.

Competition, then, is viewed as an evolutionary, disequilibrium-provoking process. It consists of the constant struggle among firms for comparative advantages in resources that will yield marketplace positions of competitive advantage and, thereby, superior financial performance. Once a firm's comparative advantage in resources enables it to achieve superior performance through a position of competitive advantage in some market segment/segments, competitors attempt to neutralize and/or leapfrog the advantaged firm through acquisition, imitation, substitution, or major innovation. R-A theory is, therefore, inherently dynamic. Disequilibrium, not equilibrium, is the norm.

Clearly, entrepreneurship and marketers' innovations of all kinds contribute to making competition dynamic. However, what explains why R-A competition is *necessarily* dynamic is the following logic: (1) All firms seek superior financial performance (foundational premise 4 in table 3). (2) Superior financial performance results from occupying positions of competitive advantage (cells 2, 3, or 6 in the competitive position matrix). (3) All firms cannot *simultaneously* have positional advantages (some firms must be in the disadvantaged cells, i.e., cells 4, 7, and 9). (4) Therefore, because all firms seek *superior* financial performance (e.g., more profits than last year, greater profits than rivals), the firms that occupy positions of disadvantage feel compelled to innovate. Therefore, because disadvantaged firms are *compelled* to innovate, R-A theory is unique in that it shows how R-A competition is *necessarily* dynamic. Q.E.D.

How Does R-A Theory Relate to Sustainable Marketing?

Readers should recall that Peterson's (2012) sustainable entrepreneurship relates to sustainable marketing, which, in turn, relates to sustainable development. Whereas Peterson (2012) shows that R-A theory relates to entrepreneurship and market dynamism, we now extend Peterson's work by showing how R-A theory relates to sustainable marketing, *in general*. Consistent with the analysis in Hunt (2011), R-A theory relates to sustainable marketing in at least seven ways.

First, much of sustainable marketing focuses on the "green consumer" as a market segment to be analyzed, encouraged, and cultivated. Similarly, R-A theory maintains that competition is not industry-wide, but segment, by segment, by segment. Therefore, unlike neoclassical theory, the process of competition in R-A theory is compatible with the strategy of focusing on the green consumer segment.

Second, note that human motivation in R-A theory is viewed as constrained self-interest seeking. All serious theories of human motivation must acknowledge the importance of self-interest seeking. Therefore, the theory acknowledges the obvious fact that self-interest seeking motivates much individual behavior. However, for R-A theory, alone among theories of competition, the self-interest seeking of consumers is constrained by their personal moral codes. As a consequence, when the personal moral codes of some consumers place a high value on protecting the environment, such consumers can constitute a green consumer segment. Therefore, by virtue of its human motivation premise (see premise 3 in chapter 2, table 3), R-A theory can explain the existence of green segments.

Third, like consumers, the owners, executives, managers, and employees of for-profit firms are also motivated by constrained, self-interest seeking. It is true that the owners, executives, managers, and employees of for-profit firms expect to receive financial (and other) rewards for their investments and services. However, it is also true that their personal moral codes may prompt them to sacrifice some financial rewards for the purpose of achieving socially and environmentally desirable outcomes. Therefore, R-A theory, alone among theories of competition, can explain the existence of *noncoerced*, socially responsible behavior associated with sustainability.

Fourth, there are times when a market offering is more valuable to consumers not because it is intrinsically more "green," but because it is produced by green production processes. Therefore, for R-A theory, the strategy of positioning a firm as engaging in sustainable production processes, when such a positioning is successful, may provide the firm with a *resource* that contributes to the firm's ability to produce market offerings that are viewed as more valuable than competitors' offerings. Thus, R-A theory accommodates not only the strategy of producing inherently "green" market offerings, but also the strategy of producing offerings by "green" means.

Fifth, sustainable marketing is associated with firms having employees with personal moral codes that are opposed to the ethical egoism implied by "utility maximization." As argued in detail in Hunt (2000), consider two firms, A and B, that are competing for the same market segment. Assume that A has (primarily) employees who are guided by ethical egoism, whereas B has screened its employees in such a manner that they are, again primarily, guided by deontological ethics. In such a situation, A will have transformational costs (e.g., costs associated with shirking, cheating, stealing, monitoring, and free riding) that B avoids. In R-A theory's terms, the fact that B's employees, guided by deontological ethics, are trustworthy results in an intangible, comparative-advantage-producing resource for B, when competing with A. Ceteris paribus, B will then occupy a marketplace position of competitive advantage (see chapter 2, figure 2) vis-à-vis A. Therefore, R-A theory, alone among theories of competition, can show the mechanism by which firms can achieve competitive advantage by focusing on hiring employees whose personal moral codes are consistent with the ethics of sustainable marketing.

Sixth, note that for R-A theory the firm's primary objective is assumed to be superior financial performance. Consistent with the self-interest seeking dimension of human behavior, superior financial performance is argued to be the firm's primary objective because superior rewards flow to the owners, executives, managers, and employees of firms that produce superior financial results. However, also note that the accomplishment of superior financial performance can also *enable* firms to pursue other objectives, such as those emphasized in sustainable marketing, for example, contributing to social causes and protecting the environment. For-profit organizations differ from their not-for-profit cousins in that the former, but not the latter, are *for profit*. Indeed, prolonged inferior performance threatens the firm's survival and prevents the accomplishment of secondary objectives. Bankrupt firms protect and promote no interests, including environmental interests. Another way to phrase the foregoing is that wealthy firms are more likely to promote sustainable marketing than are poor firms, which implies that the cause of sustainable marketing is furthered by promoting wealthy firms.

Seventh, for R-A theory, nations are like firms. Indeed, the original label for R-A theory was the "comparative advantage theory of competition" (Hunt and Morgan 1995), which drew on international trade theory. The implication of viewing nations as like firms is that, just as wealthy firms are more likely to favor sustainability, so are wealthy nations. It is no accident that the sustainability cause is strongest in prosperous nations. Poor societies are less likely than wealthy societies to make the present sacrifices required for the purpose of not "compromising the ability of future generations to meet their own needs" (UNWCED 1987, 8). Therefore, it is not just the objective of economic equity that makes the poverty of the nations of the underdeveloped world a concern for sustainability advocates; it is that when poor societies become prosperous they are more likely to themselves promote the kind of development that does not compromise future generations' needs. As Peterson (2012) notes in chapter 1, "There is a strong association between prosperity and environmental values." Therefore, as detailed in Hunt (2011), a dynamic theory of economic growth is required.

Concluding this section, R-A theory relates to sustainable, marketing in seven ways. Accordingly, R-A theory provides a theoretical foundation for teaching and research on sustainable marketing.

Does the Text Contribute to Institutionalization or Reinstitutionalization?

This commentary is positioned within the broader topic of the institutionalization of macromarketing. As discussed in the introduction, the process of institutionalizing marketing as a discipline in the United States, complete with courses, textbooks, journals, and a professional society, may be argued to have been completed by the late 1930s (Witkowski 2010). However, the major approach to teaching and research in the discipline that was institutionalized was the functional approach, which emphasized marketing's "traditional" functions of buying, selling, transportation, storage, finance, risk taking, standardization and grading, and market information. As documented in Hunt and Goolsby (1987), the functional approach to the study of marketing began to decline in the 1960s, and it was abandoned in the late 1970s. Indeed, by 1980, "even the revisions of the functional textbooks were out of print and the triumph of the managerial approach was virtually complete" (Hunt and Goolsby 1987, 41).

Two environmental factors can jointly explain the demise of the functional approach to marketing and the rise of the managerial approach. First, programs and courses of instruction across all areas of business education changed radically in the 1960s and 1970s as a result of two classic studies conducted on business education: the Gordon and Howell (1959) report, which was funded by the Ford Foundation, and the Pierson (1959) report, which was commissioned by the Carnegie Foundation. Both studies found problems with business education in the United States. In particular, they found that the "core" courses (such as marketing) were mostly descriptive, rather than analytical. And both strongly urged business schools to adopt a more professional school, rather than vocational school, approach: "Collegiate business education should educate for the whole career and not primarily for the first job. It should view the practice of business professionally in the sense of relating it to what we have in the way of relevant systematic bodies of knowledge" (Gordon and Howe 1959, 8).

Business schools responded dramatically to the recommendations of the foundations' reports. All the areas, including marketing, decreased the descriptive content of their courses, increased their analytical and intellectual content, and adopted a more professional/managerial orientation. Consistent with the criticisms of the foundation reports, the functionally oriented textbooks in marketing were mostly descriptive. Furthermore, though the texts were not narrowly vocational, neither were they truly professional/managerial. Thus, the switch to a managerial orientation in textbooks was consistent with the trends in other business disciplines and prompted by the widely accepted criticisms of current business education made by the foundation reports in the late 1950s.

The changing nature of competition in the American economy in the latter part of the 1950s and in the 1960s also helps explain the demise of the functional approach. Immediately after World War II, the United States was the only major nation of the world whose industrial structure was still intact. With ready markets in Europe and Asia, the most pressing problems for American industry lay in the area of production, not marketing. However, beginning in the 1950s, competition increased dramatically, both from firms within the United States and those in the world markets. As a consequence, American industry once again turned its attention toward problems in the marketing arena. This led to the development and subsequent acceptance of the "marketing concept" and the rise of the professional marketing manager in American industry.

It is fair to say that the concept of the "marketing manager" with the responsibility of integrating pricing, promotion, product, and channels of distribution decisions, was virtually invented in the 1950s. Prior to this time, though there had been sales managers and advertising managers in abundance, these employees were not marketing managers in the sense that the term is used today. Also, though there were many managers with the label "marketing," they seldom had "integrating" responsibilities. Therefore, the decline of the functional approach and the rise of the managerial approach to the study of marketing can be succinctly explained by four factors: (1) the functional approach was too descriptive for the times; (2) the managerial approach was more analytical; (3) the managerial approach was professional, rather than vocational; and (4) the rise of professional marketing management in American industry created a strong demand for managerially trained marketing executives.

Readers should note, however, that the functional approach to the study of marketing was distinctively "macro" in its orientation, because the functional approach explored marketing systems, that is, "those things without which marketing would not exist" (McGarry 1950, 265). Indeed, the functional, institutional, and commodity approaches were all classified in the profit sector, macro-positive cell in the eight-celled, "three dichotomies" model of marketing (Hunt 1976). As Peterson (2012) points out in chapter 1, "Macromarketing was the early focus of the marketing discipline." Therefore, when the marketing discipline was fully institutionalized in the late 1930s, the "macromarketing" approach was what was institutionalized. Accordingly, today's renewed emphasis on the study of marketing systems may be appropriately referred to as *either* the institutionalization of *macromarketing* or the reinstitutionalization of *marketing*. Perhaps, Peterson had something like this in mind when he titled Part 5 of his text: "The Future of Marketing is Macromarketing."

Was the Financial Crisis a "Failure of Laissez-Faire"?

The preceding has emphasized some major strengths of *Sustainable Enterprise*. As with all texts, there are weaknesses. For example, many readers will disagree with the analysis in chapter 2 that claims that the housing bubble and subsequent financial crisis in the late 2000s can be accurately described as a simple "failure of laissez-faire." Absent from or not emphasized sufficiently in Peterson's (2012) analysis are the following points: (1) The Community Reinvestment Act, enacted in 1977, was interpreted by federal regulators in the 2000s as *requiring* financial institutions to make housing loans they otherwise would not have made (the very definition of a "subprime" mortgage). When federal regulators require banks to make subprime mortgages, one should not be surprised that they then make subprime mortgages. Furthermore, one should acknowledge that such mortgages are the result of regulation, not laissez-faire economics. (2) Both Fannie Mae and Freddie Mac, which were placed into conservatorship by the Federal Housing Finance Agency in 2008, were government-sponsored enterprises (GSEs). Their government sponsorship encouraged investors to consider them as, essentially, risk-free. That is, investors anticipated (correctly) that, should the GSEs be stressed, the US government would bail them out. In turn, this reduced private sector oversight. Fannie Mae and Freddie Mac, which played a major role in financing subprime mortgages, were the result of government policy, not laissez-faire economics. (3) The banking industry is one of the most heavily regulated industries in the economy. The type of competition in the banking industry may be appropriately described in many ways, but "laissez-faire" is not one such way. Therefore, for chapter 2 to claim that the housing bubble and the financial crisis resulted from a "failure of laissez-faire" is patently false.

The preceding is not to say that *deregulation* would have averted the housing bubble and the financial institutions' crisis. It is to say that (1) bad regulation and government policy were major contributors to the crisis and (2) the crisis was *not* the result of laissez-faire.

Where is the Discussion of the "Welfare-State, Ponzi Illusion" and the Sustainable Society?

Peterson's (2012) chapter 1 highlights three illusions, the "illusion of harmony . . . the illusion of stability . . . and the illusion of predictability." A limitation of the text is that it does not discuss an important, fourth illusion, which may be called the welfare-state, Ponzi illusion. This is the illusion that the laws of mathematics have been repealed, and therefore, citizens of a country can receive total benefits from the state in the future that exceed the compounded value of the citizens' contributions to the state (i.e., their taxes). Actuaries uniformly agree that the modern welfare-state is unsustainable. Present-day, elected political leaders and their predecessors in many countries have enacted programs that promise citizens that they will receive future benefits that greatly exceed the future funds that will be available. In the United States, of course, Social Security (Old-Age, Survivors, and Disability Insurance [OASDI]) is one such program. In this case, the welfare-state, Ponzi illusion is maintained through political denial and the fact that present contributions to Social Security exceed present benefits. But Ponzi schemes always collapse; state-sponsored Ponzi schemes are no exception. Societies premised on Ponzi schemes result ultimately in civil disorder; they are unsustainable.

The Peterson's (2012) text would have been a good vehicle for addressing the relationships among entrepreneurship, sustainable marketing and development, the prosperity of firms and nations, and the welfare-state, Ponzi illusion. One approach would have been to discuss how the economic freedom that fosters entrepreneurship also promotes the productivity and wealth creation that is conducive to both sustainable development and the financing of the welfare state. Therefore, entrepreneurship, including the kind of sustainable enterprise advocated in Peterson's (2012) book, can contribute to the economic growth that can, in turn, contribute to buying the time necessary for creating the political and economic reforms necessary for matching payments to the state with benefits received from the state. It would appear, therefore, that Peterson's *Sustainable Enterprise* could have contributed not only to our understanding of sustainable marketing and development but also to a Ponzi-free, sustainable *society*.

Conclusion

In conclusion, Peterson's (2012) text makes a welcome and long-needed contribution to solving the teaching materials problem associated with macromarketing. As such, it is another step in the institutionalization of macromarketing. Peterson's (2012) text might be challenging for undergraduates, but it would serve as a good text for MBA courses. It covers a wide range of topics and is well structured. Furthermore, it is thoughtful, makes effective use of macromarketing scholarship, and is student-friendly. Let us hope this work encourages other marketing scholars to provide additional texts for macromarketing—for competition is a good thing.

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