How Everyday Ethics Becomes a Moral Economy, And Vice Versa

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My Uncle Dick and his mentor, Milton Friedman . . . and his vanity license plate MAXIMIZE
Uncle Dick says ‘Let’s be rational. . .

- Yard work
- Gift giving
- Tipping

Do not meet standards of Paretan optimality’
From this perspective, other people are a source of interference in the making of rational choices

- Crowd-following
- Superstition
- Prejudices
- Etc.
Of course (almost) everyone knows that *homo economicus* is an idealization

- It’s a model
- But *models are not value-neutral*
- And *they have real-world consequences*
- Let’s look at some alternatives
What causes irrational economic behavior? Behavioral Economics answers this way:

- Psychological biases are built in features
- Taking them into account with a more realistic model of what humans are actually like allows design of nudges

For example:
But, *like* rational choice, behavioral economics tends to treat

- economic behavior as produced by autonomous individuals
- other people as **extrinsic sources of bias**
- economic behaviors as **clear choices** among discrete utilities
And ‘nudges’ are based on value judgments about how people *ought* to behave

(and the faults of those who persist in doing otherwise)
What causes irrational economic behavior? Moral Economy answers this way:

• Community norms govern economic behavior in traditional societies
• A more realistic model of life in communities shows historical differences in economies
• Recognizes that economics is never value-neutral

Limitations of moral economy approach

• Exaggerates social **consensus**, power of norms

• Locates moral economy only in **past**, ‘traditional,’ societies

• And therefore reinforces the idea that *modern* economy really is **value-neutral**
Economic and moral reason: a zero sum game?
The thesis summarized

• Reasoning is first and foremost a social phenomenon. You can’t abstract other people away from the context of reasoning.

• “Biases,” such as those expressed in tipping and gift wrapping, are built into what it is to be a person because social relations are an essential component of the person.

• Recent work in the anthropology of ethics, I argue that social interaction forms the crucial link between individual psychology and large scale institutions and social dynamics.

• Economic behavior is an affordance for ethical action. It can be put to the service of becoming a certain kind of person.
Anthropology of ethics: the evidence from child development

- The urge to be **sociable** is innate
- Cooperation is **not originally instrumental**
- Tendency to third party **norm enforcement** (which doesn’t directly benefit the enforcer) is innate


The value of social relationships

• children value relationships as goods in their own right
• they accept norms because they value relationships
The Ultimatum Game


One person is given a sum of money and told to split it with someone else. The second person can either accept the offer or reject it, in which case both individuals get nothing. It turns out that if you offer a sum that falls below a certain threshold, the recipient will tend to reject it. This flies in the face of the rational calculation of utility, according to which one should accept even a very small sum, since it is still better than nothing at all. One interpretation of this result is that people value fairness for its own sake enough that they would rather forgo monetary gain than be treated unfairly. *In this view, it’s money that is the “externality.” The sum is an ethical affordance taken to measure one person’s respect for another.*
the 2nd person perspective: the natural home of reasons and judgements is in social interaction:

people account for themselves to others—justifying, explaining, criticizing, praising, and so forth

Social interaction and rationality

• People reason with one another in order to influence them
• The primary function of rationality is social not objective
• This is why we are so bad at objective reasoning
Social Interaction and moral economy

- Interactions prompt actors to define who they are and what they are doing
- They must use categories and concepts that are recognizable to others
- They take them from existing cultural repertoire
My actions must be *recognizable* to you

I hand you a book. What have I done?

- A sale?
- A gift?
- A rental?
- A loan?
- An award?
- A bribe?
- An admonition?
- . . . something else?

What follows?

Now, I hand you a pregnant sow and it gives birth to piglets. What happens next?
Acting in a recognizable way

Socially available concepts and categories

Particular actions

'gift' 'commodity' 'bribe' 'prize'
'offering' 'loan' 'payment' etc etc . .
But over time, some actions exert pressure on existing categories too

Socially available concepts and categories

‘gift’ ‘commodity’ ‘bribe’ ‘prize’ ‘offering’ ‘loan’ ‘payment’ etc etc . . .

Particular actions
Norms and actions

People *have to* draw on a shared language of norms and values in order to be recognizable to one another. That is how moral economy (norms, culture, religion, etc) enter the picture.

They don’t necessarily *cause* behavior, but they provide the tools that make it *understandable* and therefore, subject to ethical judgments... and therefore social consequences, political responses
Models carry implicit norms, with consequences

Is an actor who responds to kinship obligations or religious duty, or sentiment, instead of maximizing individual utilities, therefore irrational?

Is that person therefore subject to correction by those who know the *rational* way to behave?
Categories and norms come under pressure from actual economic activity

As in the exchange of “awkward goods”

- adoptive children
- gametes
- human tissue
- a spot in the queue
- a vote in an election
- a religious blessing
etc etc etc
Awkward goods require practical and symbolic work which

– signals the *transaction’s social meaning*

– dictates the *basic principles* by which the exchange is governed
Kidneys: Nonsimultaneous extended altruistic donor chain (NEAD)

NEAD: Gift or commodity? Voluntary or contractual?

- Gift: chain starts with altruistic donor
- Commodity: reciprocity is expected from an unknown third party
Ambiguity and normative pressure

The NEAD chain is ambiguous, having features of both gift and commodity. At the point of the original donation, the emphasis is on the moral incentives of altruism. And yet, the kidneys that travel along NEAD chains are not pure gifts because each donation is meant to induce a reciprocal donation somewhere further down the line. Reciprocity is reinforced when participants feel that they have entered into a contractual arrangement. Yet NEAD has consciously avoided instituting actual contracts, for fear they will undermine the trust and moral commitment on which participation depends—"crowding out." Kidney exchange mixes motives of gain and altruism in ways that are almost impossible to disentangle.
Sex work in Vietnam: Low-end


- Both participants are poor
- Brief transaction
- Clear beginning and end
- Direct monetary equivalences
- Anonymity
Sex work in Vietnam: mid-tier

- Moderate income women, European backpackers
- Potentially open-ended relationship
- Altruistic desire to “save women”
- Ambiguous mix of economic and affective labor
Sex work in Vietnam: High-end

- Relatively well-off women, expatriate Vietnamese clients
- Suppression of monetary equivalence
- Status display using commodities
Thinking long-term changes the relevant categories of judgment

Higher tier sex work depends on the reciprocity of perspectives between the partners. This in turn permits them to project intentions into an imagined future with no definitive end point.

Like kidney exchanges, this projection toward the hypothetical future depends on *trust*—like money itself.

More generally: people who resist monetizing *long term* cycles of exchange don’t object to doing so for *short term* ones. The former are identified with social relations, the latter with immediate instrumental purposes.

September 11th Victim Compensation Fund

When Feinberg approached families of 9/11 victims to offer monetary compensation for the dead, some refused to file claims at all, rather than treat money as a measure of human value, treating it as an ethical affordance.
Money as ethical affordance

Others demanded *more* money as a because of the victim’s intrinsic moral worth ---

They also treated economic value as an ethical affordance

For more on affordance, see Keane 2016 *Ethical Life*, Chapter 1.
The value of self and other

• Yard work: work as *a good in itself*

• Gift wrapping: *sharpens boundary* between market and personal relations

• Tipping: *blurs boundary* between market and personal relations
Conclusion

- We cannot understand economic behavior by treating *individuals* in isolation from *social relations*
  - Other people are crucial to one another’s own sense of *motivation, self-perception, self-value, and desires.*
  - Others are the target of motivating obligations. In this respect, *social others are part of the goal of behavior*
- Other people are not simply *exogenous sources or bias*
- *Reasoning* itself is not a purely autonomous activity
- *Economic behavior is an ethical affordance*