

## Exchanges and Relationships:

### On Hard-headed Economics Capturing the Soft Side of Life<sup>1</sup>

Many social scientists think of exchange in terms far broader than many philosophers. In this paper, I defend the broader use of the term as well as the claim that a useful way to understand relationships is as constituted by exchanges. I also defend the claim that economic tools can be used to explain how relationships work, but this is secondary.

Economic historian Paul Seabright writes: "Modern economic life has resulted in the use of explicit prices for a far greater proportion of exchanges between individuals than was true for our ancestors."<sup>2</sup> On his view, exchanges include more interactions than those with financial prices. Similarly, Avner Offer talks of "the persistence of non-market exchange into modern times. Goods and services continue to be transferred without the benefit of markets or prices, to be exchanged as *gifts*." He suggests that non-market "reciprocal exchange" persists "when goods or services are unique, expensive, or have many dimensions of quality"<sup>3</sup> and indicates that though such exchange may occur over an extended period of time, it is "often regulated tightly by convention and custom" and that exchange is "a good in itself."<sup>4</sup> Though Offer also suggests that "Some goods are devalued if paid for in cash: a lover's devotion, a friend's companionship," he also recognizes that "Giving gives rise to obligation, in other words, a *debt*: the giver notches

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<sup>2</sup> Paul Seabright, *The Company of Strangers: A Natural History of Economic Life, Revised Edition* (Princeton University Press, 2010), 197.

<sup>3</sup> Avner Offer "Between the gift and the market: the economy of regard" (*Economic History Review*, L, 3 (1997: 450-476), 450 (italics in original).

<sup>4</sup> Offer "Between the gift and the market," 451.

up an emotional and material credit."<sup>5</sup> Though such things are not exchanged for money, *they are exchanged* and can be thought of as creating debts and credits—some of which are emotional in nature. Similarly, while it might be discomfoting to talk of the economic value of children, there is no problem in talking of their emotional value.<sup>6</sup>

Economists are not alone in this view. Sociologists in the social exchange tradition and social anthropologists have also long taken exchange to be broader than that involving financial arrangements.<sup>7</sup> In a seminal piece in social exchange theory, George Homans summarizes it simply, suggesting that we do well in "adopting the view that interaction between persons is an exchange of goods, material and non-material."<sup>8</sup> Marcel Mauss, perhaps the most distinguished anthropologist in this tradition (and whose work Homans read),<sup>9</sup> talks of an "economy of gift-exchange" but thinks it "fails to conform to the principles of so-called natural economy."<sup>10</sup> He

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<sup>5</sup> Offer "Between the gift and the market," 454 and 455 (italics in original). Offer continues to tell an evolutionary story that explains this behavior.

<sup>6</sup> Offer "Between the gift and the market," 460.

<sup>7</sup> For an overview of early social exchange theory, see Peter Ekeh's *Social Exchange Theory: The Two Traditions* (Harvard University Press, 1974) as well as Richard M. Emerson's "Social Exchange Theory" (*Annual Review of Sociology* Volume 2, 1976: 335-362). The seminal works in this field are George C. Homans' "Social Behavior as Exchange" (*American Journal of Sociology* Volume 63 #6, May 1958, 597-606) and his *Social Behavior: its elementary forms* (Harcourt Brace, 1961), John Thibaut and Harold Kelley's *The Social Psychology of Groups* (Wiley, 1959) and Peter Blau's *Exchange and Power* (Wiley, 1964). Georg Simmel can be seen as offering a precursor to this work. See his *The Philosophy of Money* (originally 1900/1907; Tr. Tom Bottomore and David Frisby, Second Enlarged Edition, Routledge, 1990), particularly 82 ff.

<sup>8</sup> George C. Homans, "Social Behavior as Exchange," 597. In the same piece, he speaks of "liking" as something traded (602). For development of that view from an economist and philosopher, see Geoffrey Brennan and Philip Pettit's *The Economy of Esteem: An Essay on Civil and Political Society* (Oxford University Press, 2004). Brennan and Pettit begin with a discussion of the historical "view that it is an interest in esteem that fuels the desire for material goods and services" (7) and argue "that people adjust the margins of their behavior so as to achieve greater positive esteem and, so far as possible, reduce any disesteem they may suffer" (249). Importantly, they note "the attitudinal reward associated with having the esteem of others is intangible" (246). Offer also indicates that "'regard' is a grant of attention, and attention is a scarce resource" (Offer, "Between the gift and the market: the economy of regard," 452).

<sup>9</sup> See Ekeh, *Social Exchange Theory*, 194.

<sup>10</sup> Marcel Mauss, *The Gift: Forms and functions of exchange in archaic societies* (Ian Gunnison, Tr., NY: W. W. Norton and Company, 1967), 69. In her *Value in Ethics and Economics* (Cambridge: Harvard University Press, 1993), Elizabeth Anderson follows Mauss in treating gift exchange and market exchange differently (see 151-152).

believes that gifts are exchanges that take longer than other exchanges and so involve trust (that the other will eventually reciprocate). Nonetheless, he indicates that in many civilizations "contracts are fulfilled and exchanges of goods are made by means of gifts. In theory such gifts are voluntary but in fact they are given and repaid under obligation ... The form usually taken is that of the gift generously offered; but the accompanying behavior is formal pretence and social deception, while the transaction itself is based on obligation and economic self-interest."<sup>11</sup> Thus, it seems the real difference between gifts and monetary transactions is that "the nature of the obligation incurred on receipt of a gift was not wholly or even primarily by the nature of the goods received but owed a great deal to relative status, and to other social and emotional links between donor and recipient."<sup>12</sup> Perhaps for this reason Mauss thought it "our good fortune that all is not yet couched in terms of purchase and sale. Things have values which are emotional as well as material; indeed in some cases the values are entirely emotional."<sup>13</sup>

In all of this work, there is discussion of exchanges made without money. Some of these theorists think there are some exchanges that cannot be reduced to money prices and some worry about the possibility that they can but should not be. I take no stand on that issue. Perhaps when people in certain tribes exchange children<sup>14</sup> there is no financial equivalent. Perhaps there is.<sup>15</sup> That is not my concern here. My concern is to defend the primary assumption underlying those theories: that we can justifiably talk about exchange in a great variety of situations where there is

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<sup>11</sup> Mauss, *The Gift*, 1. See also Richard Titmus, *The Gift Relationship: From Human Blood to Social Policy* (George Allen & Unwin Ltd, 1970), 72.

<sup>12</sup> Seabright, *The Company of Strangers*, 198.

<sup>13</sup> Mauss, *The Gift*, 63.

<sup>14</sup> See, for e.g., Mauss's discussion (*The Gift*) at 7.

<sup>15</sup> Many writing on the topic suggest there is an indeterminacy of a money price, but the indeterminacy might be in the price of a general good, rather than its specific instantiations. (We might not be able to say how much a spouse costs, but we might be able to say how much *this spouse* costs.) See discussion of competitive bidding for non-material goods in §IV below.

no money or money-like payment involved. Indeed, I intend to show that there are good reasons to do so and also good reasons to consider relationships as series of exchanges. That philosophers do not widely accept this view will be seen in sections II and III.

I begin by clarifying how I use the term "exchange" in §I. In that section I also argue that we do well to consider all meaningful human relationships as made of exchanges. (I do not mean to say they are *only* exchanges.) In §II, I show that this understanding of exchange—which is in accord with the way social scientists discussed above use the term—can help improve two models of obligation. I discuss the two models, though, only to elucidate my view about exchange, not to defend either. In §III, I consider the worrisome objection that accepting this broad view of exchange—or, as some would say, viewing human relationships through an "economic lens"—denigrates those relationships so that if the view is widely accepted, we would be unable to engage in meaningful emotional relationships with others. In that section, I also show that thinking of relationships as series of exchanges is beneficial for some that might otherwise be oppressed. At that point, I take my central case to be made: we should accept the broader understanding of exchange and recognize its value. I end by considering two objections in §IV: first that I am aiding the imperialism of economics as an academic discipline and, second, that the non-material exchanges I discuss are not susceptible to economic analysis. I try to show that thinking of relationships in the way I've suggested can aid us in allowing social scientific study of those relationships.

### **I. Exchanges, Trades, and Relationships**

Exchanges involve two (or more) parties. In many exchanges, both parties give something to, and receive something from, the other. We can call this a *full* exchange. In many

exchanges, it is easy to assign everything given and received (i.e., transferred) a monetary value. Full exchanges of material goods and services are typically "trades," where that means each party to the exchange gives something to the other specifically *in order to gain what the other gives*. That is, trades are brought about by a motivation to gain from the other. While all trades are exchanges, not all exchanges are trades.<sup>16</sup>

On the view encouraged here, some full exchanges involve non-material goods not easily given monetary values—emotions would be prime candidates for such goods. Moreover, on the view encouraged here, there can also be *less-than-full* exchanges—exchanges in which there are two (or more) parties, but one of whom either does not give or does not receive anything. Generally, these sorts of exchanges are not trades.

In cases of *full* exchange (whether or not they are trades), we can say, there are four distinguishable events: X giving to Y, Y receiving from X, Y giving to X, and X receiving from Y. (Alternatively, we can say there are two transfers: X transfers something to Y and Y transfers something to X.) In cases of *less-than-full* exchange, one or more of these is missing. In one sort of less-than-full exchange, both parties receive something while only one of the parties gives anything. Gifting is the clearest example of this. If Steve gives Tami a gift, he gives her a present, she receives the present, and he (I assume) receives satisfaction from giving her the present.<sup>17</sup> They both receive something, but only he gives anything. If I am correct, we should consider this an exchange and recognize the value of such interactions. Most cases of less-than-

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<sup>16</sup> Thanks to George Rainbolt for a comment that indicated this distinction would be helpful. See footnote 20 below.

<sup>17</sup> Some may want to say he does not *receive* the satisfaction, but simply experiences it. I have no real objection to this, but would say it matters that he experiences the satisfaction as a result of giving the gift. Even if he doesn't "receive" the satisfaction (presumably because no one "gives" it to him), he "gets" it from the interaction—whether or not he gave the gift in order to experience satisfaction (whether or not the gift exchange is a trade). I should note that I think there are two notions of gifting, one that has gifts being necessarily part of trades and one that has gifts necessarily not being part of trades. Thanks to Steve Scalet for the objection.

full exchanges will thus have three distinguishable events, but conceptually only two are needed. Some will have the intuition that "exchanges" must have all four events;<sup>18</sup> I hope that what I say below will dispel that notion, but this has little bearing on my thesis, which is primarily to show that we should broaden the notion of exchange to recognize non-material goods in exchanges. Of course, none of this suggests that all exchanges are permissible.<sup>19</sup> That exchange is to be valued does not mean it has no normative limits.

I should make two points clear before continuing. First, I do not believe there is a useful conceptual distinction between monetary exchange and non-monetary (e.g., emotional) exchange. Whatever distinction there is between such exchanges is simply dependent on the difference between monetary and non-monetary (e.g., emotional) goods. That difference is no more important for a theory of exchange than is the difference between exchanges with dollars and exchanges with euros (or those with baseball cards and those with ice cream). The things exchanged are different, but the nature of the exchange is not. Of course, many exchanges that are primarily monetary also involve an emotional component. When I sell my house, for example, part of what I (likely) build into the price is the emotional cost I incur from the separation. If the market won't compensate me enough for that emotional cost, I refrain from selling. It is also true that many exchanges involving money are trades and so include self-interested motivations while many exchanges involving emotions are not and do not. Of course,

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<sup>18</sup> Some may also think that exchanges must be proportional. Whereas I would agree that proportionality of some sort is needed for an exchange to be reciprocal, I would deny that all exchanges must be reciprocal. If I am right, there are, after all, less-than-full exchanges, and these are unlikely to involve reciprocity between the parties to the exchanges (at least in the short run).

<sup>19</sup> One admittedly odd consequence of the view I defend here is that theft and battery may count as (forced) exchanges. As there are other examples of forced exchanges (taxation for government services, for example), this does not seem to be a conceptual problem. Of course, such exchanges can be permissibly limited (indeed, forbidden). Similarly, even though Joe's autonomy has value, if it requires his killing innocent Ina, it is permissibly limited (indeed, forbidden).

some exchanges of money are not trades—as when one gifts money with no expectation of reward.<sup>20</sup>

The second point to clarify is how less-than-full exchanges are different from genuinely unidirectional actions in which only one party gives (or receives) anything (while another party is involved in such actions, the second party neither gives nor receives anything). Genuinely unidirectional actions are not exchanges. One example of a genuinely unidirectional action is Viral Vera, who sends me an email with a computer virus I am fully protected against such that the virus is never able to get onto my computer. Vera gives me something (or tries to), but I do not receive it. Nor do I give Vera anything. Another example is Voyeuristic Vinny who receives pleasure from watching Sally without Sally's knowledge or concern. Assuming Vinny causes no harm (and violates no rights—he is not a "peeping-Tom"), Sally gives nothing and receives nothing. Vinny, though, receives pleasure (we might say he *takes* it). Notice that in these situations there is no meaningful human relationship.

All meaningful human relationships are, on the view to be defended here, made of exchanges. There is no more a relationship between Vinny and Sally (or Vera and I) than between President Obama and I. He and I have a "relationship" only in the sense that we are both in the U.S., with me approximately 800 miles south of him, etc. This is not much of a relationship at all—we might think of it as a "Cambridge relationship."<sup>21</sup> *Human* relationships

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<sup>20</sup> Some will object that given my terminology, economists only study exchanges that are trades. That this is mistaken can be seen by surveying contemporary economics of religion, which cannot be seen as studying trades (in my sense) without demeaning religion. It studies exchanges that are not trades. See, for example, Laurence Iannaccone, Roger Finke, and Rodney Starke, "Deregulating Religion: The Economics of Church and State" (*Economic Inquiry* Volume 35, April 1997, 350-364), and other of Iannaccone's work. In this work, there is clearly a study of (iterations of) exchanges whereby some exchange time in religious services, for example, for other goods—or vice-versa. It is unnecessary and demeaning to assume such exchanges are undertaken for the purpose of gaining from others.

<sup>21</sup> By comparison to "Cambridge changes." We may have a basic "moral relationship" of the sort T.M. Scanlon discusses in his *Moral Dimensions* (Cambridge: Harvard University Press, 2008), 139-152. Perhaps there are also *Social Theory and Practice*, Volume 38 No. 2, April 2012. (231-257).

necessarily involve interactions. If you and I have no interactions, we have no human relationship. If you and I, acquaintances, nod hello to each other when we cross paths on our campus, we have a (minimal) interaction and this interaction can be said to show that we have a human relationship. It is not yet a *meaningful* human relationship.

Meaningful human relationships require exchanges. Some interactions are exchanges, some are not (or are less so). An airline pilot or stewardess ordering passengers to fasten their seatbelts, for example, is an interaction, but not an exchange.<sup>22</sup> Exchanges—whether full or less-than-full—require that something (not necessarily something with monetary value) is actually given or received. Importantly, relationships that matter to us—whether familial, friendship, business, or what have you—involve not just interactions, but interactions that are exchanges. These are meaningful human relationships.<sup>23</sup> Throughout what follows, when I discuss relationships it is meaningful human relationships to which I refer.

## II. Exchange in Two Models of Obligation

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“community relationships” wherein people are “in community” with one another without engaging in any exchange. The idea here is that fans of a sports team or patriots of a single state have some sort of camaraderie though they do not exchange anything with one another. I tend to think camaraderie is insufficient for a genuine relationship so that these sorts of relationships here are more like what I call “Cambridge relationships” than genuine relationships—though perhaps morally important for other reasons.

<sup>22</sup> One could say the pilot *gave* an order and *received* compliance, but this would broaden the concept of exchange too far, making the argument that follows tautologous. Still, little hinges on this: should this count as an exchange, it is simply *less* meaningful than other exchanges. (To make the point clearer, imagine the pilot gives the order but no one complies.)

<sup>23</sup> On the view defended here, there is no meaningful human relationship between a man and his genetic offspring whom he has never met. There is a genetic relationship, of course, but as there are no interactions of any kind, it is not even a human relationship, much less a meaningful one. I make no claims about whether the genetic relationship generates any obligations.



In this section, I discuss two models of obligation, indicate why it is natural to think they pick out different sorts of obligations,<sup>24</sup> and explain an objection to each. I believe that each of these objections is due to a simple, but deeply ingrained, misunderstanding. I do not take a stance on whether either should be accepted.

According to one theory, obligations are grounded in the consent of those who are obligated. According to another theory, obligations are grounded in norms of reciprocity.<sup>25</sup> On the latter view, one may have obligations to others that one did not consent to—and perhaps *would not* have consented to. As I am not defending a position about obligation, I shall not be concerned to provide a full explication of either theory. My purpose here is only to point out how opponents of both assume a mistakenly narrow understanding of the sorts of goods that be exchanged. Recognizing this not only provides advocates of both models responses to these objections, but, more importantly here, helps us to see that even the most intimate of relationships are constituted by exchange.

A critic of the consent model claims "When two people make an agreement we may typically assess its justice from two points of view. We may ask about the conditions under which the agreement was made ... or we may ask ... whether each party received a fair share." He tells us that these two questions lead to opposing ideals: the "ideal of autonomy [or consent], which sees a contract as an act of will, whose morality consists in the voluntary character of the transaction" and the "ideal of reciprocity, which sees a contract as an instrument of mutual

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<sup>24</sup> I discuss models of obligations *between individual parties*. That last phrase is intentionally ambiguous; I primarily discuss obligations owed by one individual person to another, but do not want to exclude the possibility that similar obligations can be owed to or by groups.

<sup>25</sup> The reciprocity-based account is an example of what we can call an "underlying fairness" model of obligation (I take the name from Michael Sandel; see footnote 27 below), wherein obligations are determined by a norm (e.g. of reciprocity) existing prior to and independent of any given situation and anyone's consent therein.

benefit, whose morality depends"<sup>26</sup> upon its "underlying fairness."<sup>27</sup> In the first, so long as the transaction is (fully) voluntary, there are no further questions about justice; in the second, voluntariness is not exhaustive—indeed, may be peripheral—to the question of justice.

Obviously, the same can be said for the two models of obligation: asking about the conditions under which the agreement was made leads to a consent model of obligation; asking whether each party received a fair share leads to an underlying fairness model.<sup>28</sup> Advocates of the first model say that what is owed is that which has been freely agreed to and nothing more.

Advocates of the second model say that what is owed is that which results in an *even*—or perhaps *proportional*—distribution amongst the parties. It must give such an answer; to say that what is owed is that which results in a *fair* distribution would be question begging and other alternatives are not forthcoming.

The two models of obligation often seem to lead to opposing assessments of obligation and it is worth briefly making the apparent disparity vivid. Opponents of the consent model usually take family relationships as paradigm examples of relationships with obligations that are

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<sup>26</sup> It is unclear why asking about fairness leads to the ideal of reciprocity. Some, like Robert E. Goodin (*Protecting the Vulnerable: A Reanalysis of Our Social Responsibilities* (Chicago: University of Chicago Press, 1985)), may think it leads to an ideal based on responding to vulnerabilities, for example. Others may think the ideal is about satisfying needs (some Marxians, for example). There are clearly more possibilities. I assume the other possibilities are, like the reciprocity theory, variants of the underlying fairness model.

<sup>27</sup> Michael J. Sandel, *Liberalism and the Limits of Justice* (Cambridge: Cambridge University Press, 1982), 106. See also Iris Young, *Justice and the Politics of Difference* (Princeton: Princeton University Press, 1990), 112. In his Tanner Lectures on Human Values ("What Money Can't Buy: The Moral Limits of Markets," delivered at Brasenose College of Oxford University, May 11-12, 1998), Sandel provides an epicycle of this view. He talks of two objections to the extension of markets. The first is that such extensions often involve cases where consent is not genuinely had and the second involves corruption of a value by the process of trade (not distinguishing between trades and other exchanges). He thinks the second more serious. He talks of "the degrading effects of market valuation and exchange on certain goods and practices," claiming, that "certain moral and civic goods are diminished if bought and sold for money" (94). I discuss this in section III below. As for the first objection, I simply note that the possibility of a lack of genuine consent is not an objection to a consent theory of obligation, as such a theory would simply say that where there is such a deficiency, there is no obligation.

<sup>28</sup> Sandel says "obligations arising under the ideal of reciprocity must presuppose some criterion of fairness' while those 'arising on the ideal of autonomy ... presume no quality of justice intrinsic to certain results which could, even in principle, be identified apart from or antecedent to the process which produced them'" (Sandel, *Liberalism and the Limits of Justice*, 107-108). Robert Nozick's libertarian political philosophy exemplifies the latter.

not based on consent. The claim is simply that parents' obligations to their children are not due to their consent (who would they consent to? the pre-natal child?).<sup>29</sup> We cannot, then, answer the question "what does the parent owe the child?" by looking at what the parent consented to. If we want to maintain—as we should—that parents have such obligations, we are told, we must look elsewhere. The reciprocity model offers one answer: the parent has an obligation to the child as reciprocation for the joy the child brings the parent.<sup>30</sup> While the reciprocity model can explain why there is an obligation, the consent model seems required to say there is no obligation at all.<sup>31</sup> The extensional disparity between the two models is thus clear.

Those who object to the consent model in the way just indicated believe that *all* relations should be judged according to the "underlying fairness of the exchange"<sup>32</sup> rather than whether they were freely agreed upon. They believe obligations are grounded in a notion of fairness independent of consent and may also believe that the idea that consent grounds obligations relies on an impoverished view of individuals as *homo economicus*, a view wherein individuals are seen as purely self-interested, only willing to help others for a price. The worry is put pointedly

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<sup>29</sup> Some might suggest that consent to the sexual act is enough to create an obligation to care for the child. If so, this would not be an obligation to the child, but to the sexual partner or society at large. This is not the place to discuss such a view; I note only that I find it implausible. Peter Lindsey suggested the need for this comment.

<sup>30</sup> For one statement of a view that is something like this, see Lawrence C. Becker, *Reciprocity* (Chicago: University of Chicago Press, 1986), 202. Becker's account, though, is far more nuanced than what I say here suggests. Indeed, he may endorse a different reciprocity account wherein the obligation (a) is owed to the child as a means of repaying goods the parent received from their own parents, perhaps thinking of "transitive" reciprocity (see David Schmidtz, *Elements of Justice* (Cambridge: Cambridge University Press, 2006), 83; Schmidtz, though, may endorse *need* as the ground of parental obligation) or (b) is owed not to the child, but to society as a means of repaying goods the parent receives from society (along the lines Becker develops to defend a duty to obey the law; see Becker, 255ff).

<sup>31</sup> This is why "In ethical and political theories, the family is often regarded as an inappropriate context for justice, since love, altruism, or shared interests are assumed to hold sway within it" (Susan Moller Okin, "Gender Inequality and Cultural Differences," *Political Theory* Volume 22 (February 1994), 10). See also Jean Hampton, "Feminist Contractarianism," *A Mind Of One's Own: Feminist Essays on Reason and Objectivity*, Ed. Louise M. Antony and Charlotte Witt (Boulder: Westview Press, 1993), 227-255, esp. 236, 239-240, and 246-249. For an interesting related discussion from economists, see Ernst Fehr and Klaus M. Schmidt, "A Theory of Fairness, Competition, and Cooperation," *The Quarterly Journal of Economics* Volume 114 (August 1999): 817-868, esp. 852-855.

<sup>32</sup> Sandel, *Liberalism and the Limits of Justice*, 106

by Marx and Engels, who believe that capitalism "reduced the family relation to a mere money relation."<sup>33</sup> If one believes all obligations arise from exchanges that are trades—that is, engaged in because of a desire to gain from the other one exchanges with—one does have a pessimistic view of the nature of obligation. Believing that obligations arise from exchanges one consents to, though, does not entail that those exchanges are trades. Some may be exchanges that are not at all financial arrangements and not at all motivated by gain to oneself.

Robert Goodin claims "Anyone who cynically looks upon his own contribution to the family as 'investments,' motivated merely by expected returns, is thereby deemed to have perverted or betrayed the relationship."<sup>34</sup> I think this is right, but only because of the dependent clause—i.e., the assumption that "investments" must be "motivated merely by expected returns." (Such investments are parts of *trades*.) If one recognizes, though, that we make emotional investments and receive emotional returns that are *not* the primary motivation for the investment (as in non-trade exchanges), one can talk without cynicism of investing in one's family without perverting or betraying the relationship.<sup>35</sup> Once this is admitted, there is no difficulty in thinking of family life as composed of a multitude of exchanges (some of material goods, but many more of non-material emotional goods). Put another way, family relationships—all relationships—involve myriad transactions between parties and these transactions amount to exchanges of benefits (and burdens) that are constitutive of the relationships.

Goodin (or others) may think that any thought of "investing" in a relationship—even a sophisticated thought about investing emotions—will corrupt the relationship. I see no reason to

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<sup>33</sup> Karl Marx and Friedrich Engels, *Communist Manifesto*, Ed. Martin Malia (NY: Signet Classic, 1998), 531.

<sup>34</sup> Goodin, *Protecting the Vulnerable*, 90-91.

<sup>35</sup> Goodin comes close to this view when he adds that "Perhaps, in some sense, love is exchanged for love. If so, it can be exchanged *only* for love" (*Protecting the Vulnerable*, 91). It may be that emotional goods cannot be given a monetary value (as Goodin thinks). I take no stand on the issue and hence use the locution "things easily given monetarily value."

believe this. If I do something in order to make my wife happy because it makes me happy to see her happy, I make an emotional investment and reap an emotional reward. Surely this is not corrupting of the relationship—after all, I do not do it to reap a reward *from her* and I only receive the emotional reward because I wish to see her happy. My well-being is intimately tied to hers. It is not that I think “I will make her happy *so that I will be made happy.*” Rather, it is that I married her (at least in part) because I realized I am made happy by her happiness. One way to understand that is as a decision to enter into a long-term relationship wherein she and I continuously—often without thinking of it this way—invest in the relationship. There is nothing crass about this. Of course, if the relationship was based solely on a belief about some (perhaps financial) reward from the other (regardless of the sort of investment), there would be a problem. But while there is something wrong with buying another’s “love” (or some simulation thereof) with money, there is nothing wrong with gaining their love when one gives them love.<sup>36</sup> That, of course, might be done with consent.

Now consider the reciprocity model. According to Allen Buchanan, “*the reciprocity thesis*” is “the claim that only those who do (or at least can) make a contribution to the cooperative surplus have rights to social resources.”<sup>37</sup> That is, to be entitled to social returns as benefits received from others, this thesis requires that one be able to contribute to those others.

Buchanan explains what he sees as the (repugnant) logical conclusion of the model:

The implications of the reciprocity thesis for the treatment of severely disabled persons are as disturbing as they are obvious. If, for whatever reason, an individual is never capable of being a contributor to the cooperative surplus, then that individual has no right

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<sup>36</sup> Still, I do not deny that *crass* attempts to buy love non-monetarily (fawningly complimenting the other, for example) can only succeed in an impoverished way.

<sup>37</sup> Allen Buchanan, “Justice as Reciprocity versus Subject-Centered Justice,” (*Philosophy and Public Affairs* Volume 19 (Summer 1990): 227-252), 230.

to social resources whatsoever—not even the most minimal support—even in an affluent society.<sup>38</sup>

Neither society as a whole, nor its members, would have any obligation to those who were so disabled that they could not contribute. Buchanan goes on to claim that the reciprocity thesis “allow[s] one’s basic moral status to be determined by the ability to contribute (or to threaten), which not all persons possess.”<sup>39</sup> On my view, Buchanan overstates the case against the reciprocity thesis and (perhaps surprisingly) likely does so for much the same reason that underlying fairness advocates mistrust consent-based views that rely on autonomously agreed upon exchanges to determine justice and obligations.

Consider Buchanan’s additional claim that “Different cooperative arrangements may demand different skills, not just different levels of excellence of the same skills” and his example: “mild retardation combined with dyslexia might render an individual incompetent in a highly literate society in which basic social cooperation required the mastery of sophisticated rules and techniques for processing and issuing written instructions, agreements, and contracts.”<sup>40</sup> Even if this is true, it says little about the ability of those with mild retardation and dyslexia to contribute. They may not be able to contribute (much) to the cooperative surplus of factory-produced artifacts and widely marketed services, but they will be able to contribute emotionally. Once they do so—and they inevitably will—they would be due a return according to the reciprocity thesis.

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<sup>38</sup> Buchanan, “Justice as Reciprocity versus Subject-Centered Justice,” 230. Buchanan is discussing justice, but as should be clear, his discussion could easily be put in terms of obligations (though societal, rather than personal).

<sup>39</sup> Buchanan, “Justice as Reciprocity versus Subject-Centered Justice,” 235.

<sup>40</sup> Buchanan, “Justice as Reciprocity versus Subject-Centered Justice,” 237.

In the view I am defending, even the least functional human beings contribute. People with disabilities are usually capable of contributing in a monetary way, but even those with the most severe mental or physical limitation can contribute emotionally even if not monetarily. They bring their parents and others many joys (and, admittedly, hardships).<sup>41</sup> This should not be ignored. Even the "severely disabled" can and do contribute and so would have a right to social resources according to the reciprocity thesis (which does not require contributions to be at specific levels).<sup>42</sup> Admittedly, if a human being is genuinely incapable of contributing in *any* way—monetarily, emotionally, or otherwise—he may be due nothing according to that thesis. But then that also seems right.<sup>43</sup> Such a being would *not* be due anything (which is not to say we should not treat him charitably). I doubt there are any such beings.<sup>44</sup>

To be clear, my claim here is that once we recognize how broadly exchange should be considered, it is empirically certain, though not logically necessary, that virtually everyone contributes to exchanges—and that if the reciprocity thesis is correct, others will have obligations to them because of those contributions. The problem Buchanan saddles that thesis

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<sup>41</sup> Christie Hartley, "An Inclusive Contractualism: Obligations to the Mentally Disabled," *Disability and Disadvantage: Re-examining Topics in Moral and Political Philosophy*, Ed. Kimberley Brownlee and Adam Cureton (NY: Oxford University Press, 2009) discusses two ways of thinking about cooperation: the production model, wherein we focus on material goods, and the relationship model, wherein we focus on the development of relationships. The latter would include emotional exchanges. On her view, as on mine, what is fundamental is the capacity for engagement and, as she makes clear, most with disabilities have that capacity. She cites Eva Feder Kittay's relationship with her daughter, Sophia Wong's relationship with her brother, as well as the movie *Radio* for excellent examples of the point I make in the text: that those with disabilities do contribute. See Hartley; Kittay's *Love's Labor: Essays on Women, Equality, and Dependency* (NY: Routledge, 1999): 147-161; and Wong's "At Home with Down's Syndrome and Gender," *Hypatia* Volume 17 (2002): 89-117.

<sup>42</sup> To make good on the parenthetical claim, recognize that we are not discussing what the disabled are owed other than basic rights as citizens.

<sup>43</sup> Clearly, if such a being were due anything, it would not be as an equal. (A point made by David Hume.)

<sup>44</sup> As Hartley ("An Inclusive Contractualism") notes, almost all human beings have the capacity for engagement. Anencephalic infants are exceptions, but they rarely survive for more than a couple of days. People in persistent vegetative states are also exceptions, but I do not think we have obligations to them (at least not them as people in persistent vegetative states; we may have obligations to them as they were *ante-mortem*—i.e., obligations created before the onset of the vegetative state—but I will not explore that issue here).

with disappears once we recognize that some goods we exchange are emotional rather than monetary in value.<sup>45</sup>

I believe we should prize exchange but not limit our views about what can be exchanged;<sup>46</sup> we should recognize that a great number of non-monetary—even non-material—goods are part of our daily lives and the exchanges we engage in. Many times, the only thing one party to an exchange receives is a psychological good (like satisfaction at the other's pleasure) and at least sometimes when this is all that is received, it is not dependent on the other giving anything (its a less-than-full exchange). When I receive satisfaction upon giving a gift (perhaps anonymously), it may be because the other gives appreciation (perhaps saying "thank-you" joyously), but it may not be: even if the other is not appreciative and gives nothing back, I may nonetheless receive satisfaction.<sup>47</sup> Recognizing all of this allows us to see that exchanges are the fundamental basis of all of our relationships.

While money and monetary goods may be what is exchanged in *some* (perhaps not very meaningful) relationships, hopefully more relationships involve (are constituted by the transfer of) emotional goods—whether in full or less-than-full exchanges. Concrete or material benefits do not exhaust the benefits to exchanges. The view that they do is, I think, often what goods opponents of the consent and reciprocity models of obligation. They think we only exchange when we stand to gain materially (that all exchanges are trades). That, in turn, makes the idea

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<sup>45</sup> Which is only to say that the reciprocity thesis does not suffer from the problem Buchanan attributes to it; not that it is correct. Similarly, I have not given a full defense of consent theory.

<sup>46</sup> I mean this as a conceptual claim only. To repeat a point made earlier in the text, I am not making an argument about what is morally permissible to exchange or about what should be lawful to exchange.

<sup>47</sup> This may be because of what Steven R. Smith calls "the 'ontological stance' of givers and receivers." He rightly points out "It is how people *are* not only what they produce which defines and shapes reciprocal relations" ("Keeping Our Distance in Compassion-Based Social Relations," *Journal of Moral Philosophy* Volume 2 No. 1, 2005: 69-87), 84 (italics in original). On his view, as on my own, the more receptive to the benefits another has to offer, the more likely an individual is to be have a beneficial (perhaps reciprocal) exchange with that other. Obviously being receptive to emotional (or at least non-material) benefits contributes greatly to this.



that we have obligations to family members because of consent or reciprocity seem simply wrong-headed—for surely such obligations are not based on material gain. Recognizing that there are non-material benefits involved in our daily exchanges and that some exchanges involve one party either not receiving or not giving anything, though, allows us to see that our family relationships—and perhaps familial obligations—are constituted by the exchanges (often of emotional goods) that make up the relationships.<sup>48</sup>

If what I have said thus far in this section is correct, perhaps the mistake common to opponents of the consent model of obligation (like Sandel and Goodin) and opponents of the reciprocity model of obligation (like Buchanan) is understandable. The study of economics has had a tremendous impact on all of academia, perhaps most notably on the study of law—which may indirectly affect how we think of moral obligations. That impact, though, has been accompanied by a persistent misunderstanding—a mistaken belief that the study of economics is only about cash and concrete goods (more precisely: how people trade those). In fact, economics can be understood simply as the study of human exchange and human exchange includes more than trades and more than concrete items like dollars, iPods, and refrigerators.<sup>49</sup> It includes everything we exchange, including things like religious belief and love. That may be controversial, but (*to repeat*) it will only sound like a crass view of our emotional lives if one thinks of exchanges as necessarily trades engaged in order to benefit from another—and that is precisely what I deny. There is nothing crass about wanting to be in a relationship with someone wherein one is made happy by the other's happiness. Indeed, such an exchange relationship is rather wonderful. In such a relationship—and many others—we exchange many non-material

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<sup>48</sup> It is not part of my project, of course, to provide a full account of family obligations.

<sup>49</sup> Etymologically, the term is from the Greek *oikos* meaning "house" and *nomos* meaning "law" or "rule" and is thus about how one rules one's household. It seems reasonable to think this includes (non-monetary) relationships in the household.

goods. In marriage, for example, we seek and thrive on the love of our spouses; even in our professional lives, it is often respect of our peers that is most important to us.

I am not defending any model of obligation. What is important is that if we can understand *any* obligations as based on consent or reciprocity, we must remember that in the relationships that have those obligations, what is involved likely includes the transfer of non-material goods.<sup>50</sup>

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<sup>50</sup> It is, on my view, an unfortunate prejudice of a world that over-values material success that leads us to disregard the emotional goods we receive in our ordinary exchanges. Surely we would not call unjust a situation wherein one is made happy by seeing a loved one attain a desired goal just because some of one's own goals are set back in the process. If I *want* to take a cut in my (material) standard of living in order to guarantee that my child can attend college, surely it is not unjust that my (material) standard of living is thus setback. Just as surely, I am made better off in the process.

### III. The Big Objection

The strongest objection to my view that intimate relationships are composed of exchanges is that such a view—a seemingly economic view—changes that which is viewed. This is clearly true of experimental economics that, after all, often involves experiments with subjects communicating only over a computer. Such artificial environments surely engender relations that are different than those that occur more naturally. The real worry, of course, is not about what happens within the experimental economist's lab. It is this: if people viewed all relationships as involving exchanges, it would radically change *for the worse* the nature of the (more natural) activities they engage in.

Consider this analogy:<sup>51</sup> many people enjoy camping in ways that require "roughing it," doing without modern technology, including that which can render them safer. Taking a satellite phone into the wild so that one can call for help should there be danger, for example, removes something essential to the experience of "roughing it." After all, if I know I can call for help, I need not be as scared and so cannot be as courageous. Similarly, it might be claimed, knowing that my relationship with my sister is a relationship of exchange, changes the way I understand the relationship and that essentially changes the relationship.

There are several responses to this worrisome objection. First, while we have to admit that recognizing exchange as the basis of relationships may change them,<sup>52</sup> this does not mean they will be changed for the worse. I will say more about this in a moment. Second, if I am right about the nature of relationships and trade, that in itself provides reason to favor recognition

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<sup>51</sup> Suggested by Jim Taggart.

<sup>52</sup> The analogy is interesting though: the camping experience with the phone seems more similar than dissimilar to the experience without the phone. I do not deny, though, that the commodification of a good may change—sometimes lowering—the value of the good. I take it Anderson is right that this is true of sexual activity (see Anderson, 154-155).

of that nature—that is, there simply is value in recognizing truth. Third, even if I am right about the natures of exchange and relationships, I have said little about what people should think of these things in their daily lives. Suggesting, as I believe, that economics is one proper way to accurately study and describe what goes on when individuals engage in exchange—including emotional interactions that might previously not have been thought of this way—does not require that everyone recognize this or that if they do, they always keep it in mind. This may mean that my view is self-effacing, but I do not see that as a serious concern.<sup>53</sup>

What I would like to encourage, if more people were to come to understand their relationships as matters of exchange, is more discussion and education about what that means and how it impacts our relationships. My own view, as I will explain, is that it need not weaken those relationships in any way that matters. What should be recognized is that when one “takes stock” of any relationship with another, it would be perversely miscalculating if one considered only financial factors; one must, rather, consider *all* expenditures one makes and *all* benefits one gains—financial, emotional, or otherwise—even when the benefits do not come from the other that one is in a relationship with.<sup>54</sup>

Now to return to the first response to this difficult objection: that the change to relationships may not be for the worse. I have previously suggested that there is an ambiguity about the strength of relationships such that they could be more or less *valuable* or more or less

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<sup>53</sup> It may be that we are better off not always keeping ourselves cognizant of a variety of things we take to be true. My response here is similar to one response a Harean utilitarian invokes. It is also similar to a now prevalent view about impartiality: that impartiality may sometimes recommend or even require partiality. For the classic statement of self-effacingness in utilitarianism, see Henry Sidgwick’s *The Methods of Ethics*, Chapter 5, Section 3. For a discussion about impartiality, see my “On Universalism: Communitarians, Rorty, and (‘Objectivist’) ‘Liberal Metaphysicians’” (*Southern Journal of Philosophy* Volume 38, 2000: 39-75), 61-63.

<sup>54</sup> As Andrew I. Cohen points out, “Friends ... understandably watch how they benefit from a friend to keep from becoming a ‘user.’ Friends legitimately wish to depend on one another, but they should also guard against imposing excessive demands on a friend” (“Examining the Bonds and Bounds of Friendship,” *Dialogue* Volume XLII, 2003: 321-344), 324.

*durable*.<sup>55</sup> I am less concerned with durability than others may be; more durable relationships may make for a more conservative society and this may provide some good, but is not a goal I defend. Recognizing that relationships constantly involve exchanges is recognizing that they involve choices—choices to continue exchanging with the other and so choices to remain within the relationship. This, in turn, means recognizing that we can opt out of those relationships, which means those who would be oppressed if they stayed in a relationship, have a way out. This deserves elaboration.

Seeing relationships as a series of exchanges—that is, conceptualizing them in the (economic but non-monetary) way I suggest here can be helpful for those who are in potentially subordinate positions. Jean Hampton writes: “one’s propensity to give gifts out of love or duty should not become the lever that another party who is capable of reciprocation relies upon to get one to maintain a relationship to one’s cost.” Indeed, she says, “when a friendship starts to get corrupted, one of the parties begins to enjoy the gifts being given more than he does the giver of those gifts, thereby evaluating the one who is giving the gifts ... as a servant of his desires.”<sup>56</sup> This is true whether the gifts are material or non-material (perhaps especially if they are emotional) and is a good reason, as Becker tells us, that “we should take stock of the reciprocal nature of even intimate relationships in retrospect—not after each ‘transaction’, of course, but regularly enough to prevent the growth of destructive imbalances.”<sup>57</sup> Recognizing the nature of relationships as constantly involving exchange encourages this. If one recognizes that one gives

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<sup>55</sup> For more on this see my “Does Communitarianism Require Individual Independence?” (*The Journal of Ethics* Volume 4, 2000: 283-305), esp. 251-253. Part of this paragraph and part of the paragraph after the next are adapted from there.

<sup>56</sup> Hampton, “Feminist Contractarianism,” 239 and 246.

<sup>57</sup> Becker, *Reciprocity*, 187-8

substantially more to the other—whether materially or emotionally—one has call to reconsider and renegotiate the relationship, thus preventing significant subordination.

Recognizing that relationships are series of exchanges is beneficial for those who might otherwise be oppressed. But there is more: if it is true (as I think it is)<sup>58</sup> that we can opt out of any relationship and we choose to stay in a particular relationship, there is reason to believe we endorse the relationship and that, I suggest, imbues the relationship with meaning. We can opt out but do not: this is a clear sign that we value the relationship even as it allows for less durability. Hence, recognizing that our relationships are based on exchanges may actually change them for the better (consider how a spouse would feel when told their significant other wishes to repeat the *exchange* of marriage vows at an anniversary celebration of their marriage).

It might now be suggested that even if recognition of the broadness of exchange does not worsen our relationships, some will prefer that their relationships not be so changed. Absent an argument that the relationships are objectively worse, though, this is simply a preference and can be dealt with the way other preferences should be dealt with: individuals wanting to pursue that sort of relationship should be free to do so.<sup>59</sup>

Some will be unconvinced by what I have said thus far. They will insist that the relationships we have with loved ones are simply different in kind from the relationships we have with business enterprises and that to think otherwise is to demean the former—which are *not* about some *quid pro quo*, even an emotional one.<sup>60</sup> While I agree that such relationships are

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<sup>58</sup> See my "A Defense of Strong Voluntarism" (*American Philosophical Quarterly* Volume 35, 1998: 251-265).

<sup>59</sup> To successfully pursue the sort of relationship envisioned when most realize relationships are composed of exchanges, one might need an isolated community. Individuals interested in such a life—if they can find others who are like-minded—should be free to jointly start their own community within which they discourage recognition of the truth about the broadness of exchange. (I might think this unfortunate, but would not argue against its permissibility.) See my "What the Liberal State Should Tolerate Within Its Borders" (*Canadian Journal of Philosophy* Volume 37, 2007: 479-513).

<sup>60</sup> Thanks to Jim Taggart for this point.  
*Social Theory and Practice*, Volume 38 No. 2, April 2012. (231-257).

vastly different, I do not think the difference is the absence or presence of exchanges (or that the emotional sorts are really about any *quid pro quo*). There are exchanges in both sorts of relationships, but trades in only one.

Importantly, while we might be able to, nothing said here suggests we should be willing to exchange an existing friendship for a monetary payment; we typically—and, I think, rightly—believe that a genuine friendship is worth more than the mere material objects money can buy. “Indeed, we might think that genuine friends would necessarily judge that friendship is more valuable than a dollar.”<sup>61</sup> This, though, requires that we make the comparison.<sup>62</sup> We do not say that a friendship is simply incomparable to a monetary payment; we say it is worth *much more* than a monetary payment.<sup>63</sup> The same is true, of course, for other meaningful relationships. Romantic relationships, for example, are thought of as worth much more than mere cash.

Sometimes, of course, we are willing to sacrifice at least parts of friendships: we move away from friends to take up a new and better-paid or more prestigious position, for example. When we make such decisions, I would suggest, we (somehow) compare the value of having our friends nearby with the (perhaps primarily monetary) value of the new position. Moreover,

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<sup>61</sup> Ruth Chang, “Against Constitutive Incommensurability or Buying and Selling Friends” (*Philosophical Issues* Volume 11 (2001): 33-60). Against the idea that there is commensurability of the sort I discuss here, see Joseph Raz, *Morality of Freedom* (Oxford: Oxford University Press, 1986), 345-357. Raz thinks a failure to recognize that friendship is neither better nor worse than (nor equal to) money renders one incapable of having friends (252). I think Chang’s point (in text and see note 63 below) shows Raz is mistaken, but cannot fully address this difficult issue here. In his *Well-Being* (Oxford: Clarendon Press, 1986), James Griffin points out that “commensurability” is ambiguous (see 75-92) and, among other things, concludes that if there is incommensurability it cannot be incomparability (83). In any case, a full defense here would require a more detailed analysis of incommensurability as well as argumentation regarding how best to understand the sorts of choices and judgments that are at issue.

<sup>62</sup> Borrowing Susan Hurley’s language, we might say this comparison involves only weak commensurability (rather than strong commensurability). As she puts it “weak commensurability is compatible with substantive pluralism” (Susan Hurley, *Natural Reasons*, (Oxford: Oxford University Press, 1989), see 256-270, here 270). See also Anderson, 66-73.

<sup>63</sup> Chang makes this point on 41-42. She nicely indicates that “incomparability of friendship and money” is unlikely to be “a constitutive feature of friendship” by pointing out that if “I judge that the friendship [with Eve] is worth more than a dollar,” I am not “disqualified from being Eve’s friend” (41). Per footnote 61 above, the “worth more than” claim merits more consideration than I can offer here. I suspect Chang is right *even if* there is some sort of genuine incommensurability.

while we (typically) are not willing to sacrifice existing friendships for financial gain, we might plausibly and rationally decide to make trades that are aimed at earning more money rather than gaining an additional friend if we already have a life rich with friends—just as if we have a life rich in creature comforts but poor in emotional connections, we should be willing to forego more of the former in order to gain the latter.<sup>64</sup> To put this point differently: there are diminishing marginal returns from the emotional benefits of additional friends just as there are diminishing marginal returns from the benefits of material goods. The same could be said, I think, of any meaningful human relationship. Indeed, many of us think the marginal return on romantic partners is steeply diminishing: more than one is not better than one!

Recognizing that trade-offs between friendships and material gain are possible does not mean one is incapable of genuine friendship or that any relationships one has are necessarily corrupt or that our lives are lacking. Nor does recognizing that genuine friendships are themselves made of numerous exchanges—primarily of emotional or otherwise psychic goods (which are not traded in some simple *quid pro quo* fashion). Determining what makes for a perfectly balanced or fair exchange of emotional goods in every friendship may not be possible, but that does not mean friendships are not extended series of such exchanges.<sup>65</sup> I have tried to suggest they and all meaningful human relationships are.

#### IV. The "Imperialism of Economics" Objections

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<sup>64</sup> Chang makes this point on 46.

<sup>65</sup> The claim that friendships and family relations are best analyzed in terms of exchanges of emotional goods may be empirically unfalsifiable. This is a conceptual claim, so direct empirical evidence will not settle the debate. Like other theoretical debates, I think this one is best understood in terms of determining which understanding best coheres with the way we view the world and the way we should view the world. In this case, the question is whether the understanding of relationships as constituted by exchanges coheres with how we view our relationships and how we should. Hopefully, some of what I have said here has been persuasive in this matter.



My concern in this paper has been to defend the view that more interactions should be considered exchanges than many have thought and that we do well to think of relationships as extended series of exchanges. This task has been completed, but some will object that I must also show how the exchanges I discuss can be studied using the tools of economics. They would suggest, I take it, that if I do not do this, my victory is hollow: yes, we can call them "exchanges," but they would nonetheless be different in kind from the sorts of exchanges—those I call "trades"—that economists study. While I do not think such a victory is hollow, I do suspect the tools of economics can be used to study the exchanges I discuss. Indeed, as I've already suggested (footnote 20 above), economists already study exchanges that are not trades when they apply their tools to religion.

I suspect that the objection here is at least partly motivated by what some see as economic imperialism: the attempt by economists to address areas of study generally considered distinct.<sup>66</sup> After all, I am defending exchange and economists study exchange. So, perhaps the worry will seem well placed. I am not, though, claiming that economics can explain everything about human life or human exchange. It cannot.<sup>67</sup> Both psychology nor philosophy, for two examples, are needed and neither is reducible to economics. Psychology is needed to explain what goes on "inside," as it were. Philosophy is needed to do (among other things) the normative work regarding exchange that is foreign to economics. Economics is an explanatory

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<sup>66</sup> This sort of claim is often urged against Gary Becker (the 1992 Nobel Prize Winner who turned his economist's gaze to racial and sexual discrimination and family life) and Richard Posner, who invites economics into law. See Edward P. Lazear's "Economic Imperialism" for an extensive indication of how economic methods have had successes in other fields (*The Quarterly Journal of Economics* Volume 115 February 2000, 99-146).

<sup>67</sup> The claim that economics can "explain everything about human behavior ultimately either fails to show that the explanation is peculiarly economic in any important sense, or else succeeds at explaining everything in its alleged domain only at the expense of explaining nothing" (Alexander Rosenberg, "Can Economic Theory Explain Everything?" (*Philosophy of Social Science* Volume 9 (1979), 509-529), 511.)

discipline.<sup>68</sup> Properly confined, economics can tell us how to pursue our social goals; it does not tell us what those goals should be. Even if economics is an imperialist social science, it "needs to be supplemented by careful thought about matters exogenous to economics, including economic philosophy issues which relate ... to the understanding of the nature of humankind [and] human wellbeing."<sup>69</sup>

Although I am defending the very thing that provides the basic subject matter of economics, I am not attempting to provide a full defense of economists' imperialism. While economics is about exchange, defending exchange is not a full defense of economics—it is not even a defense of the claim that economics as the only or best way to study exchange. Economic methods have clearly been helpful in a variety of areas of study, but that does not mean they have no limits (even within the social sciences).<sup>70</sup> I doubt anyone seriously thinks otherwise.

While I am not defending economists' imperialism of all other social sciences, some may think that I allow economic methods to be used in areas where they can only be misused. Though I have actually *not* discussed economic methods, I have argued that we ought to expand our notion of exchange to include emotional goods and I do suspect that doing so would make it possible to use economic methods to study such things.<sup>71</sup> Hence, I will address the objection as

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<sup>68</sup> Lazeer talks of economists as doing "normative" work, but his use of the term is specialized. This is clear when he says "Business is in large part normative because the goal of a business education is not so much to explain the world, but to run it" (117). "Normativity" here is hypothetical: if you want end E, do act A. Although economists do not provide arguments for specific ends, their work explaining human exchange allows them to become adept at predicting what will happen when different sorts of things are offered for exchange. Importantly, I do not mean to imply that economics as practiced is completely value free. As philosophers of science would point out about even "harder" sciences such as biology and physics, the study of economics is intertwined with values that affect the hypotheses economists begin with and what they choose to study. (Thanks to George Rainbolt for the last point.)

<sup>69</sup> Alan Duhs, "Inverting Economic Imperialism: The Philosophical Roots of Ethical Controversies in Economics" (*The Journal of Interdisciplinary Economics* Volume 16, 2005, 323-339), 326.

<sup>70</sup> Economists study the trade of apples and oranges and nutritionists study their nutritional value. The economist and the nutritionist are not looking at the same object (one looks at trades of fruit, the other looks at nutrition of fruit). Something similar may be relevant to studying the non-material goods I have discussed.

<sup>71</sup> Perhaps rational choice theory would be helpful for such work. (I take no stand on this.)

formed. I add, though, that I do so largely as an addendum. If the response here is unsatisfactory, my main thesis is not hindered: human relationships are well seen as constituted by exchanges, which includes more types of interactions than many philosophers believe. Should it be impossible to use the tools of economic analysis to study these exchanges, so much the worse for economic analysis. Those uninterested in the use of such tools might want to stop reading; for those who read on and remain unconvinced, I simply repeat that the main thesis does not fall with this objection. It is perfectly reasonable to think relationships should be seen as made of exchanges for reasons other than making them (and the exchanges that constitute them) subject to economic analysis.

The problem that many will have is a doubt that non-material (e.g., emotional) goods will be "well-behaved" enough in relation to standard economic modeling for those tools to be helpful.<sup>72</sup> There is a set of related worries here: (a) that unlike material goods, there will be no diminishing returns for non-material goods; (b) that there is no competitive bidding for non-material goods so that there can be no equilibrium price determined by supply and demand and hence no functional use of price to determine proper allocation of the goods; (c) that the exchanges are not fungible; (d) that exchange rates will not be well-behaved enough for proper economic analysis; and, finally, (e) that exchanges of non-material goods are (as I admit) not analyzable in terms of self-interested motivations. Given these purported facts, there would be no reason to try to generalize the economic principles to incorporate emotional goods. I already argued against (a), that there are diminishing marginal returns for non-material goods, in the last section. In this section, I discuss the other issues just raised.

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<sup>72</sup> Thanks to Fred D'Agostino for making me see the importance of the objection.

There is very often (b) competitive bidding for non-material goods. People vie with each other for the affections of shared friends or love interests on a regular basis. Two suitors compete for the object of their affections; the latter will likely decide to join with (perhaps marrying) the one who offers the most (hopefully in non-material goods). While there are some (loose) norms against adultery, even after marrying, individuals often seek out benefits from others. One might argue that supply and demand play an important role in producing the very norms that define relationships like marriage and so cannot be measured independently. Marriage rules, for example, might forbid extramarital affairs or polygamy in order to help regulate supply and demand. If so, one would expect supply to match demand; variance from an equilibrium wherein everyone (who wants one) has a partner would be impossible and competition would be irrelevant. This strikes me as naïve. Perhaps there is an equilibrium in place, but feminists might hold that it is men who defined the marriage relationship (to their own advantage) and that there is good reason to change it. In any case, the fact is there is a plethora of ways that "marriage" is practiced. This is consistent with supply and demand affecting outcomes. We now hear about polyamory as well as polygamy and polyandry, about homosexual marriages and cases where one marriage partner has a sex-change operation and the marriage stays in tact (and cases where it does not). With this large a variety of possible relationships, it is likely that there will be a variety of opportunities—and opportunity costs—for all parties. The variety involved here, it is worth noting, denies the need to abide by norms set by others. Individuals can choose to participate in whichever market (or dating field) they prefer and can even choose to exit one and enter another if the offerings in the first are not satisfactory. (That monetary values would not be used is, of course, irrelevant.)

Given the incredible diversity of ways to define even our most intimate relationships, the idea that (c) exchanges of non-material goods would not be fungible is hard to motivate. Little needs to be said about this. People do, though perhaps not in the "mainstream," move from one relationship (set of exchanges) to another, sometimes merging one relationship into another, sometimes later breaking up the larger relationship in differing ways. One married couple might intensely bond with another married couple, living as a family unit for some years, then two might move out to be on their own—perhaps not two that were a pair before.

Exchange rates (d) are determined by the multitude of trades (or other exchanges) for the item in question. I might be willing to pay less than you for a widget, but the widget is exchanged for a price that best satisfies the demands of all of the players (both buyers and sellers). If I am unwilling to pay that price, I do not get a widget. If you are willing to pay that price or more, you get a widget. The important point here is that the fact that you and I differently value the widget is irrelevant to the stability of the exchange rate. It seems reasonable to believe that different individuals also differently value the emotional goods at issue here. Once again, though, this seems irrelevant to the stability of the exchange rate. To put my response here simply: absent some reason to believe the exchange rate for non-material goods would not be stable, I think the assumption that it would be is reasonable. Of course, exchange rates vary for material goods as well as non-material goods. Absent some reason to think they would vary more for the latter than the former, there is no real objection here to respond to.

It may be that the idea that (e) exchanges of non-material goods are not analyzable in terms of self-interested motivations is the heart of a large issue many have with economics. I suspect, though, that the objection is irrelevant since if people do bid for each other's affections, there ought to be a way to measure this regardless of motivation. While one would not, of

course, expect that to be a monetary measurement, a lack of imagination on this front would only be temporary—that is though there is no current standard way to measure these trades (other than the binary factor of their taking place or not) there may be some such measure developed in the future. Moreover, there is a growing interest in economics of the possibility of *not assuming* economic agents are rational;<sup>73</sup> their not being self-interested might be another possible area of future research. But let us consider this in a different way.

Economists, it is said, make predictions about what humans will choose given a variety of options but base those predictions on an assumption that the individuals will choose rationally, where the rationality of the choice is defined in terms of maximizing the gain the individual receives in terms of things he or she wants. The determination of what the individual wants, in turn, is made by looking at what the person chooses. Put simply, economists take actual individual choices as demonstrating preferences. Such "revealed preferences," though, are not necessarily *actual* preferences and where they are not, the choices made will not maximize the individual's welfare. Amartya Sen has admirably made this point.<sup>74</sup> Even given that I am not interested in a wholesale defense of economics, this point is particularly relevant to the questions of this paper since the non-material goods we have been discussing might be thought especially likely to cause individual choice to diverge from what is actually desired.

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<sup>73</sup> See Dan Ariely's *Predictably Irrational* (Harper Perennial, 2010) and other work; Bryan Caplan's work on *rational irrationality* (for example, "Rational Irrationality: A Framework for the Neoclassical-Behavioral Debate," *Eastern Economic Journal* Volume 26, 2000: 191-211). See also the volume *The Law and Economics of Irrational Behavior*, edited by Francesco Parisi (Stanford University Press, 2005) as well as Christine Jolls, Cass Sunstein, and Richard Thaler's "A Behavioral Approach to Law and Economics" (*Stanford Law Review* Volume, 50: 1471-1550). Those authors have made other important contributions relevant to this work, as has Amos Tversky. The topic is not new; Louis Baudin discussed "Irrationality in Economics" in 1952 (*Quarterly Journal of Economics* Volume 68, 1952: 487-502).

<sup>74</sup> See Amartya K. Sen, "Behaviour and the Concept of Preference" (*Economica* Volume 40 No. 159 (August 1973), 241-259), his "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory" (*Philosophy & Public Affairs* Volume 6 No. 4 (Summer 1977), 317-344), and his *On Ethics and Economics* (Basil Blackwell, 1987).

In his rightly famous "Rational Fools" paper, Sen seeks to deny that personal choice and personal welfare are interchangeable. In part, he does so by recognizing the importance of commitment in our lives; the idea is that because we are committed to others, we may act on preferences other than our own, seeking to help those others. Indeed, Sen tells us that "One way of defining commitment is in terms of a person choosing an act that he believes will yield a lower level of personal welfare to him than an alternative that is also available to him" and that "commitment does involve, in a very real sense, counterpreferential choice."<sup>75</sup> On Sen's view, "commitment ... drives a wedge between personal choice and personal welfare, and much of traditional economic theory relies on the identity of the two."<sup>76</sup> He believes that the "interdependence of different people's choices ... discredits individualistic rational calculus."<sup>77</sup>

The sorts of emotional goods I have discussed above—for example, the satisfaction a parent receives when his child succeeds at a new task—may seem especially problematic given Sen's argument. For the satisfaction a parent receives is clearly dependent on the choices of his child and so, it would seem, the satisfaction of the parental desire to see the child succeed seems not to be a matter of individual preference satisfaction at all—but rather the parent choosing in a counter-preferential way (giving up some material benefit to aid the child, for example).

For a different sort of example, consider John, who promises himself he will no longer eat until he is overly full. He judges for himself that his future health is more valuable than his present desires and has a clearly articulated preference for the former. Yet, when faced with a large plate of pasta, John gluttonously devours it. He then feels shame at failing to live up to his

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<sup>75</sup> Sen, "Rational Fools," 327 and 328. See also Anderson, 131.

<sup>76</sup> Sen, "Rational Fools," 329. On Sen's view, only the fool has a single (fully consistent) preference set as only he completely ignores the preferences of others—hence, we are told, he is "close to being a social moron" (336).

<sup>77</sup> Sen, "Behavior and the Concept of Preference," 258.

own self-promise. His actual preference—*ex hypothesis*—is counter to his so-called “revealed preference.” The latter has the most effective pull on him though it is, by his own lights, suboptimal.<sup>78</sup> His choice was counter-preferential and apparently not rationally maximizing. Importantly, though, it would seem that John’s shame (or the pride he would have if he ate only enough pasta to satisfy his needs) is incommensurable with his (perhaps more basic) interests—staying healthy and satisfying his culinary desires.<sup>79</sup> If these are genuinely incommensurable, economists would be unable to use their tools to analyze them. This, again, would seem to challenge my claim that we should expand the range of items considered in exchanges to include emotional goods (and bads).

The worry about the incommensurability of types of goods is pushed especially hard by Sen when he distinguishes between the “agency aspect” and the “well-being aspect” of a person. The basic idea is that whereas an economic agent is meant to maximize his well-being, an agent “may well feel happier and better off as a result of achieving what he wanted to achieve—perhaps for his family, or his community, or his class, or his party, or some other cause” even if this detracts from his personal welfare.<sup>80</sup> His personal welfare and his agency are themselves, it would seem, incommensurable. If “personal welfare” is limited to welfare based on things given monetary value, than this argument would seem to go through. However, there is a fairly basic flaw that should now be clear. When the agent “feels happier and better off” because he exercises agency, this is an improvement in his welfare—even if not in his material welfare. It is important that once one expands the range of items considered in exchanges to include emotional

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<sup>78</sup> See Elias Khalil, “On the Scope of Economics: What is the Question?” (*Finnish Economic Papers* Volume 8, 1996: 40-55), 53.

<sup>79</sup> Khalil, “On the Scope of Economics,” 52. See also Anderson, 56-63 and esp. 132-134.

<sup>80</sup> Sen, his *On Ethics and Economics*, 43.



goods (and bads), there is at least some sort of commensurability between agency and personal well-being.<sup>81</sup> While I would not deny that there is a conceptual difference between agency and well-being, their complete independence is implausible. *That* is morally significant. Agency contributes to well-being indirectly, as Sen notes, but it also importantly contributes directly, as an intrinsic good.<sup>82</sup> Sen is thus right that "utility [as a present feeling of happiness or as preference satisfaction] does not adequately represent [objective] well-being" but once agency is recognized to be an integral part of objective well-being (*eudaimonia*), it should be recognized that there is no incommensurability of importance here.<sup>83</sup>

To make the current point clearer: when Sen says that "a person may value the promotion of certain causes and the occurrence of certain things, even though the importance that is attached to these developments are not reflected by the advancement of his or her well-being,"<sup>84</sup> he seems to assume too narrow a conception of individual well-being wherein material benefits are all that matter. This is precisely what I have been arguing against.<sup>85</sup> When a person values a cause, its promotion is, or results in, an increase in her well-being—that is part of what it means to say *they value the cause*—even if it is not an increase in the material goods they possess.<sup>86</sup> Of

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<sup>81</sup> There is, after all, commensurability and commensurability. See footnotes 61-63 and surrounding text above.

<sup>82</sup> Sen comes close to realizing this in footnote 15 on page 44; see also 59-60.

<sup>83</sup> Sen *On Ethics and Economics*, 46-47. Note that Sen comes close to recognizing this when he says "being happy ... is not the only achievement that matters to one's well being" and that "Freedom may be valued not merely because it assists achievement, but also because of its own importance" (*On Ethics and Economics*, 60). For an argument for the intrinsic value of autonomy, see my "Defending Liberalism Against the Anomie Challenge" (*Social Theory and Practice* Volume 30, 2004: 391-427), 414.

<sup>84</sup> *On Ethics and Economics*, 41.

<sup>85</sup> It also seems at odds with much of what Sen says elsewhere when discussing his "capabilities approach" to well-being, but I cannot address that here. For the capabilities approach, see (for one example amongst many), Sen's "Capability and Well-Being" in *The Quality of Life*, ed. Nussbaum, Martha and A. Sen (Oxford: Clarendon Press, 1995), 30-53.

<sup>86</sup> It might be objected that if they value the promotion of a state of affairs, S, that is possible only 100 years later, that this cannot be for their own good as they will not be present when S obtains. This assumes an overly narrow conception of self-interest. I value peace in the Middle East. If such peace comes after I die, it will still be the *Social Theory and Practice*, Volume 38 No. 2, April 2012. (231-257). 33

course, this increase may be offset by some unforeseen countering loss. Again, incommensurability is not a problem.

In fact, though, even if there were the sort of incommensurability Sen discusses, it would have no real impact on my argument. I have made a point above of saying that there is no need to put monetary values on non-material goods in order for them to be studied by economists. Economists may need to quantify, but the quantification does not have to be in monetary terms. Economics of religion, for example, measures such things as church attendance.<sup>87</sup> There is a further question about whether all goods exchanged can be measured on a single scale—whether all are commensurable. I take no stand on this issue. If not all goods are commensurable, there would simply be a limit to what quantitative economics can study. One could not then use economics to study, say, exchanges of love for rings, but one could study exchanges of love for love and trades of rings for rings.<sup>88</sup> To return to a previous example, economists could study things like pasta consumption on the one hand, and behaviors of pride, shame, or guilt, on the other, even if they could not study exchanges of pride for pasta.

The concern about disciplinary boundaries has no genuine intellectual weight in my view (where to draw the boundaries of academic disciplines is at best a question for academic politics). The ability of economics to measure welfare goods in different arenas is a real issue, but is only an objection against the view that economic methods can be used to study relationships of the sort that concern us here, not an objection against the view that those

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satisfaction of my *ante-mortem* interest. More importantly, I may have purely altruistic desires and reasons; that they are other-regarding does not prevent their satisfaction from being in my interest. None of this means that humans never choose in ways that decrease their well-being. They certainly can do so. Most commonly, I suspect, they do so by mistake, perhaps supporting some cause they later come to realize was misguided. They might also do so without mistake, intentionally seeking to lower their own welfare. Giving gifts to one's loved ones, I would suggest, is not like that. (For the need to make the latter point, I am grateful to George Rainbolt).

<sup>87</sup> See footnote 20 above.

<sup>88</sup> Thanks to Andy Altman for pushing me to clarify this.

relationships are constituted by exchanges. The one worrisome objection to that view is that it will change our intimate relationships for the worse. I have argued, though, that that is not the case. Indeed, I have argued that understanding our intimate relationships as constituted by a series of exchanges—that is by expanding our notion of exchange to include what happens between intimates—can help those who might otherwise be taken advantage of. It is not a crass view, though an anti-economist bias may lead some to think so. It is, I think, the correct view.