

Moral vs. exchange economies

A „never ending“ Politics, Philosophy & Economics story

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1. PPE out of Hobbes historical conceptual issues

It all began with Hobbes

„THE ‘POWER of a man,’ to take it universally, is his present means, to obtain some future apparent good; ...“ (Leviathan, § 10 opening clause).

„The value, or worth of a man, is as of all other things, his price; that is to say, so much as would be given for the use of his power: and therefore is not absolute; but a thing dependant on the need and judgment of another. An able conductor of soldiers, is of great price in time of war present, or imminent; but in peace not so. A learned and uncorrupt judge, is much worth in time of peace; but not so much in war. And as in other things, so in men, not the seller, but the buyer determines the price. For let a man, as most men do, rate themselves at the highest value they can; yet their true value is no more than it is esteemed by others.“

Factors reducing ↓ resp. enhancing ↑ „value of a man“

a. Lack of “moral-institutional” constraints in Bush-Buchanan anarchical equilibrium ↓ :

↓ Potentially violent „impositions“ are not prevented by institutional constraints/powers

↓ B will rationally take according to B’s natural powers relative to A’s natural powers up to the point where the marginal costs of taking are to equal marginal benefits of taking (seeking agreement only instrumentally if „cost saving“)

b. Presence of “moral-institutional” order of *Humean natural law* (i.e. „stability of possession, transference by consent and the execution of promises“) empowers A ↑ :

↑ B can acquire powers of A only with consent of A -- typically for a quid pro quo

↑ the price that can be exacted by A is enhanced by law, social order and/or outside options for A (e.g. when ‘exiting’ the interaction with B)

→ ¿meaning of value enhancing natural law and natural rights?

But reasons for wishing there were such things as rights, are not rights; -- a reason for wishing that a certain right were established, is not that right -- want is not supply -- hunger is not bread." Jeremy Bentham, *Anarchical Fallacies*, vol. 2 of Bowring (ed.), Works, 1843, Article 2

The *weak* and the *strong readings* of „reasons are not rights - hunger is not bread“:

Weak: Without institutions realizing the demands of natural law „natural rights“ can be known *a priori* as demands of „reason“ or „laws“ for „homo noumenon“, yet they do not thereby exist as social institutions *a posteriori* or „laws“ for „homo phaenoménon“ (Kant)

Strong: Without institutions that create obligations as demands there are no „rights“ -- e.g. the Hobbesian „right to everything“ in pre-institutional states of affairs amounts to acknowledging that in the absence of institutions there are *no obligations* to omit any use of „present means, to obtain some future apparent good“

→ ¿bringing value enhancing law and rights into social existence?

Before the „social invention“ of statist organization

Bush-Buchanan natural violence equilibrium, NE

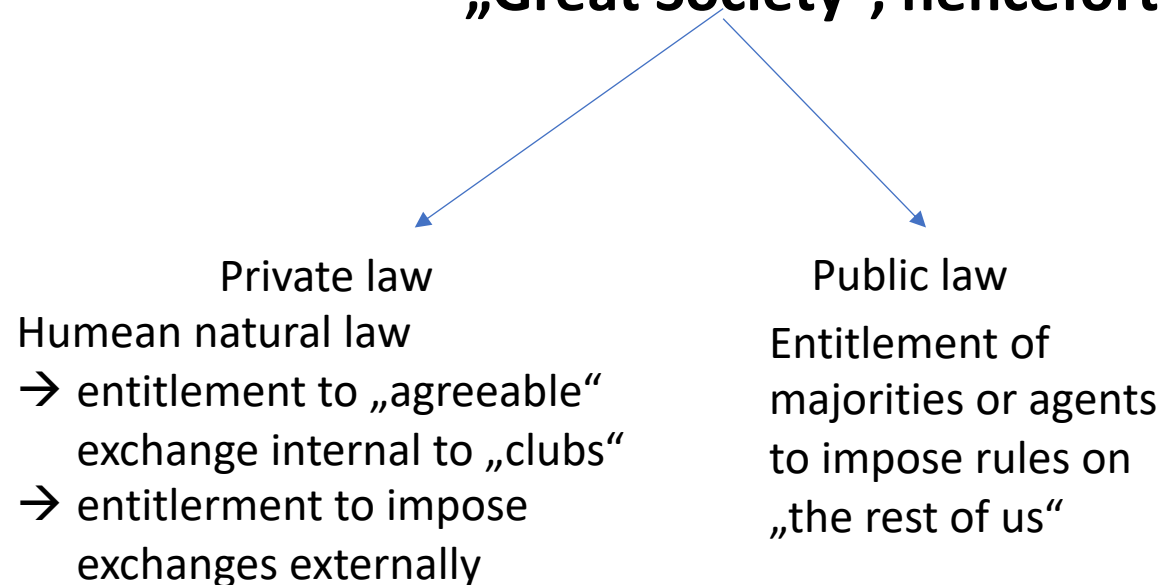
After the „social invention“ of statist organization

Violence leading to natural states, NSE

Violence leading to inclusive state-sponsored society under primary and secondary rules:

Western rule of law equilibrium, WRE

„Great Society“, henceforth



→ ¿examples of moral and of exchange economies?

A Smithian characterization of a (non-moral) „**exchange economy**“ under Humean natural law by which actors are entitled to act without considering the common weal

An exchange economy is a social order that by realizing Humean natural law “empowers” legal actors to use their “present means, to obtain some future apparent good” according to the Smithian “maxim of exchange” which is:

“give me that which I want and you shall have this which you want”. (WN, I, 2)

An exchange economy empowers “any number” of legally acknowledged “actors” to act according to the “maxim of exchange” (“do ut des”, “quid pro quo”) without taking into account external effects (deemed irrelevant by power conferring rules).

The “private law” society (in the sense of Franz Böhm) in which exchange takes place pre-supposes that exchanging parties may *impose* their agreements on third parties who have no say/veto (and do not make counter offers to the contracting parties).

Characterization of a „**moral economy**“ (Saint Simon, Cabet, **Blanc-Marx-Mill**)

A *moral economy* is a system of organizational rules that (approximately) realizes the ideal of “from each according to their capacity, to each according to their needs” (Mill’s phrasing in Principles of PE using “capacity” when referring to Louis Blanc).

Note:

Mill regards “**from each according to their capacity, to each according to their needs**” as “highest form of distributive justice”.

Luc Bovens, Adrien Lutz. "From Each according to Ability; To Each according to Needs" Origin, Meaning, and Development of Socialist Slogans. Working paper GATE 2018-39. 2019. <https://halshs.archives-ouvertes.fr/halshs-01973833/document>

	Authors	Part one of slogan	Part two of slogan
Slogan 1	Saint-Simonians, Pecqueur [1829– 1842]	To each according to his ability	To each according to his works
Slogan 2	Cabet, Blanc, Marx [1845– 1875], with Part Two in Pecqueur [1842]	From each according to his ability [/capacity, HK]	To each according to his needs
Slogan 3	1936 Soviet Constitution [1936]	From each according to his ability	To each according to his work

2. The Great Society, Markets and Governance

A Great Society (as a whole) is neither a moral, nor an exchange economy, nor a market

- Exchange economies and moral economies can both be subsystems of a Great Society that is characterized by constitutional commitment to the „impersonal“ application (interpretation and enforcement) of general rules
 - Public: political rules confer powers of governance on political entities (organizations)
 - Private: political rules confer powers of self-governance within Humean natural law
- Examples:
 - Public guarantees of health care provision as created by government action in the public sphere
 - Private health care guarantees of HMOs as created within the private sphere by exchanges of long term (publicly guaranteed) private commitments

Non-contractual moral economies or „communities“, further examples

- Family: All members of the family as a non-contractually constituted community are expected to contribute according to ability to the common good of the community and (members of) the family are expected to care for other members of the family according to their needs.
- Tribes: Individuals are born into their tribe. Despite the possibility of ostracism and the presence of the exit option a tribe is not a club (contractually constituted by a quid pro quo process). Members are expected to make mandatory contribute to the tribe and provide *care* for members according to their needs.
- States: Membership can be involuntary (e.g. by birth). Mandatory contributions are charged from all citizens according to some measure of „capacity“ (not necessarily merely ability) without their assent to a quid pro quo.

Nota bene

- Social order and the variant of Humean natural law realized by it cannot itself entirely arise from „exchange“
 - Democratic politics starts from collective choice in political community
 - Overcoming the „Hobbesian problem“ (of creating social order) by contract is impossible if contract presupposes social order already
- Following the maxim of private contractual exchange makes sense only to the extent that stability of possession is guaranteed, consent to change is necessary and commitments are binding;
- Following the maxim of public/democratic politics as exchange makes sense only to the extent that *stability of possession of the veto* is guaranteed, omission of the veto against any deviation from a projected trajectory as brought about by intentional human action is necessary and leads to binding commitments to a new trajectory (or process).
 - ¿ agreement or assent based rather than advantage based contractarianisms?

3. Communitarian and Club Contractarianisms

Buchanan's characterization of the constitutionally democratic „**moral exchange economy**“

A constitutionally democratic “**moral exchange economy**” is an “ideal” organizational form of an exogenously determined community of collective choice making that

a. claims a Weberian monopoly to “ratify/license” all legally legitimate action “for” the collectivity

and

b. grants every member a veto against any action leading to a potential deviation from a “default path” resulting from failure to reach agreement.

The “do ut des” or “quid pro quo” maxim of community wide exchange in the **constitutionally democratic moral exchange economy** is:

“give ‘us’ that agreement which ‘we’ want unanimously and you shall have ‘our’ unanimous agreement to collective action which you want”. (CoC interpretation)

Politics as exchange vs. the politics of exchange

- Politics as exchange
 - a. is explicated as „unanimous voting“ (as a pre-existing rule of communitarian constitutionalism)
 - → communitarian contractualism or Bu-Kantianism
 - b. is explicated as arising on a market platform – e.g. like a firm
 - → club contractualism or Nozickean/Lockean contractualism
- Politics as exchange suffers from all „ideal theory“ problems including „hunger is not bread“
- Politics of exchange can be „real politics“ suggesting to expand the sphere of exchange relative to the sphere of moral economies such that an optimal mix in view of crowding in and crowding out emerges

Thank you for your attention

