

prohibitive. It is simply a very bad trade-off. More interesting, there are very few social science theories that have been discarded on the ground that some other theory is more parsimonious. Assume that Marxism has fewer assumptions than neo-classical economics, who would abandon one for the other on this ground? Fewer assumptions are of course superior but only if the costs, oddly ignored, are small. They are not, if moral commitments are reduced to tastes.

Most revealing is that Khalil argues that there is, '... no qualitative difference between a market contract and, e.g. a marriage contract'. In effect, as I (and many others) see it, *one is the mirror opposite of the other*. Market contracts pose specific requirements, are limited in the scope of commitments they require, and typically have a completion and termination point.

Marriage vows requirements are open-ended (for instance, there is no limit of what *a* is expected to do for *b* if, say *b* has cancer); their scope is very encompassing and diffuse; and they have no *a priori* end point. One contract is based on the self-interests of the private parties involved. The other – best consider a statement of vows – is an affirmation of values and a statement to a community of a new moral commitment a couple is making.

To try to collapse these two is but one more indication of how sterile the attempt to model all behavior by one model is, let alone by the neo-classical one. One must indeed wonder what drives this incessant imperialism? What forces push scholars to try to subsume other intellectual and moral paradigms, even if the consequences are enhanced cynicism and loss of major information and intellectual and scientific categories?

Amitai Etzioni*

KHALIL VERSUS SMITH: DO MORAL SENTIMENTS DIFFER FROM ORDINARY TASTES?

Elias Khalil (1997) courageously takes up the discussion on the definition of economics in his article 'Etzioni versus Becker: Do Moral Sentiments Differ From Ordinary Tastes?' He claims to present 'an alternative view, illustrated by the difference between gifts and grants, which promises to supplant the shortcomings of each definition' (p. 520). In this comment on his article, we will argue that Khalil takes issue in an important discussion for economics. While we are appreciative of his argument, we raise and further develop a number of points here. Some of these points Khalil also addresses, and some he disregards. Furthermore, we argue that at various instances, his discussion is incomplete.

* Amitai Etzioni is a former president of the American Sociological Association and author most recently of *The New Golden Rule*, New York: BasicBooks, 1996. Etzioni@GWU.Edu.

1 KHALIL ON THE NATURE AND SIGNIFICANCE OF ECONOMICS

To make his argument, Khalil presents ‘an anatomy of commitment and interests’ (p. 516), two concepts that for him are complete opposites. He decidedly chooses not to engage in the choice/rules debate because it ‘raises a different issue than the one pursued here’ (p. 493). His aim is not just an economic analysis of moral commitments – by itself a commendable enterprise – but bears on discussions about the definition of our discipline. His definition claims to synthesise Amitai Etzioni’s view in which ‘economics is the study of one kind of ends’ (p. 520), and Gary Becker’s position holding that ‘economics is the analysis of one aspect of all ends, optimisation’ (p. 520). Etzioni (1988) and Becker (1976) are presented as today’s actors in the ongoing discussion – following Durkheim (1984) and Robbins (1935), respectively, who have earlier set the stage for the debate. The middle ground Khalil claims would now make the discussion a relic of the past.

Interests and commitments, to Khalil, do not originate in two separate spheres, as Etzioni claims, but neither can they be analysed by means of the amoralist maximisation framework of Becker. A different analytical perspective is called for, according to Khalil; one that conceives of commitments and interests as potentially traded off against one another, while also making it possible to explain the shame people feel when they break a commitment in favour of their own interest. Khalil states that the opposition between gifts and grants provides an adequate setting for the analysis of commitments and interests. In a central, but not entirely clear passage, Khalil puts it like this: ‘The expression “gift” usually signifies the product in the role of a symbol of commitment (...). In contrast, the word “grant” broadly denotes the product when it acts in the role of resource transfer to buttress the recipient’s interests’ (pp. 503–504). Khalil thereupon proposes to regard commitments as by-products of interests. He claims that perceiving commitments as by-products of interests makes modelling possible.

In our comment we will go deeper into the discussion of commitments and interests – a discourse which is more complex than suggested by Khalil, however. Our main argument is that by his decision not to enter into the rules/choice debate, and by suggesting that the differences between Becker and Robbins’ neo-classical economics on the one hand, and Durkheim and Etzioni’s moral economics on the other are bigger than they really are, Khalil did not take enough care in selecting appropriate guides for his argument. Engaging in this discussion would be more fruitful when acknowledging that interests and commitments, rules and choices, ethics and economics, gifts and grants are intimately related. In a final section we argue why Khalil’s suggestion to conceptualise symbolic utility as a by-product of substantive utility does not help to explain commitments and gifts, illustrated by the example of blood donations.

2 DISMISSING ETZIONI AND BECKER

Khalil discusses the work of Etzioni (1988) and Becker (1976). The choice for Becker seems self-evident, since Becker is generally regarded as the main contemporary representative of the school which views economics as the science of choice. The family, addiction, donations, etc. are analysed 'with the tools and framework developed for material behaviour... [the] choice-theoretic framework' (Becker (1991), p. ix). Much like Khalil, Etzioni aims to synthesise interest ('pleasure' in Etzioni's terms) and commitment ('morality'). Stated slightly differently, Etzioni wants to combine the 'I' and 'we' paradigms (Etzioni (1988), p. 8). Etzioni (p. 211) concludes his book by saying that 'competition thrives not in impersonal, calculative systems of independent actors unbound by social relations, as implied by the neo-classical paradigm, nor in the socially tight world of communal societies, but in the middle range, where social bonds are strong enough to sustain mutual trust and low transaction costs but not so strong as to suppress exchange orientation'. Two centuries earlier, the founding father of our discipline also recognised the mutual dependence between self-interest and moral sentiments.

'How selfish soever man by supposed, there are evidently some principles in his nature which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it' (Smith (1984 [1759], p. 1).

Smith's conceptual link between the two motives consisted in the role of the 'impartial spectator' who would watch over the moral aspects of each choice. Khalil seems to dismiss both Etzioni's and Smith's contributions to the synthesis of the commitment/interest dichotomy. And so he ignores (or only mentions) other attempts at closing the gap between the two types of motivation (see, for example, Hodgson (1988), Sen (1977, 1992), Frank (1988), and Anderson (1993)).

Becker and Robbins' position entails that 'all ends are subject to optimisation [and] there [is] no difference between symbolic utility and substantive utility' (p. 494), where commitment confers symbolic utility and interests substantive utility. Every choice expresses 'true self-interest', thus excluding 'weakness of will' (p. 497). The shame a judge might experience after having taken a bribe, when in other circumstances self-interested behaviour would be justifiable and not evoke shame, cannot be accounted for by Becker and Robbins according to Khalil (p. 502). Khalil rightly distinguishes here between morality and self-interest. On the other hand, Khalil reproaches the Durkheim/Etzioni position for the 'inability to build a conceptual bridge, not just an *ad hoc* qualification, between the activities classified as moral, on the one hand, and the activities considered economic or substantive, on the other' (p. 498). Etzioni sets interests and commitments sharply apart without indicating how the two are related and influence one an-

other. Khalil thus concludes about the two positions he chooses to analyse, that where Becker's position leaves no room to consider morality as serving non-utilitarian ends, Etzioni's position posits morality and economic ends as mutually exclusive categories, as if economic questions would not have any moral dimension at all.

The supply of donor blood, to be discussed later on, labour relations (Akerlof (1982)) or the issuing and use of money (Zelizer (1997), Simmel (1978)), as well as many other economic issues point at a deeper moral dimension of economic issues. Khalil is correct in making this argument. Moral phenomena, alternatively, generally prove to have an economic dimension when analysed in the reality of scarcity. How does Khalil suggest to overcome the problems he has identified in his analysis of Becker and Etzioni? Did it set him on the right track or – as we will argue – has he unfortunately restricted the options and concepts to be considered?

3 COMMITMENT AS A 'BY-PRODUCT' OF INTEREST

The gifts/grants dichotomy takes a central place in Khalil's argument, which for him parallels the commitment/interest divide. He regards both interests and commitments as lying on the utilitarian plane: interests provide 'substantive utility', while commitments give 'symbolic utility'. According to Khalil 'the symbolic dimension [of gifts] arises as a by-product of successfully amassing the substantive products' (p. 513). The solution suggested by Khalil to overcome the dichotomy between commitments and interests, is thus to see commitments as 'by-products' of interests. 'The sentiments of good feeling or identification can be modelled as a 'by-product effect' of a more fundamental, substantive enjoyment' (p. 504). Gifts, according to Khalil (p. 504) are the expression of a commitment and they escape the price mechanism of the market. They must necessarily accompany a material reward or benefit, and thereby come with an increase in material welfare. Amartya Sen, however, has argued that commitments not necessarily accompany or result in increases in well being. He illustrates this with the example of a man who is committed to stop a fight but gets hurt in the process (Sen (1992)). Other examples by Sen refer to the practice in some poor Indian families where women obey the cultural norm to eat later and less than men, thereby undermining their own health and nutrition.¹

After having disentangled Khalil's courageous but not always clarifying concepts and arguments, it dawns on the reader that Tables 1 (p. 508) and 2 (p. 510) are not particularly clarifying. For example, in Table 1 he distinguishes gifts from grants on their effect upon the self and the other. Gifts are portrayed as a celebration (for the self) and appreciation (for others), whereas he depicts grants as

1 Frank's (1988) argument, therefore, that personal commitments may decrease one's well-being in the short run but will increase it in the longer run does not seem to apply in all circumstances.

servicing self-interest or other-interest/altruism. This categorization, however, ascribes altruism to grants whereas the gift literature indicates that altruistic motives tend to belong to gift giving, not to grants.² What does become clear from Khalil's comments on the triad of commitment/gift/symbolic utility, as opposed to but dependent on interest/grant/substantive utility, is that the gift is a reward for some substantive utility generated by the receiver of the gift at an earlier moment in time. What Adam Smith said on rewards still holds, stressing the social aspect: 'To reward is to recompense, to remunerate, to return good for good received' (1984 [1759], p. 68). For Khalil, thus, a gift is (just) another form of an exchange, a 'symbolic' exchange. Khalil's example of the gift is one from a husband to his wife, rewarding' (...) the material comfort which their partnership nurtures' (p. 507).

But the by-product effect could not explain a husband's gift to his wife who happened not to contribute much to the household and the relationship because of, for instance, a prolonged serious illness that has just been conquered. Such a gift – which can be quite substantial and costly – is not 'justified' in Khalil's framework because the woman was unable to contribute in a substantive way to the relation. The gift, instead, seems to reflect a moral sentiment of relief about the regained status of health and the foresight of enjoying their relationship. Khalil is not able to explain such gifts. Another troubling example is the self-gift. Do people who give themselves a gift receive a material, substantive reward? They pay for a treat in a restaurant themselves, and so could not experience substantive utility according to Khalil. If they could not experience utility, they could not be symbolically rewarded. Why then do people do it, why do they 'symbolically' enjoy a treat to themselves?

Khalil's definition of commitment is thus closely linked to material benefit and exchange, not to the wider meaning of gifts or to morally charged activities such as doing one's public duties (paying taxes, for instance), donating to humanitarian aid (for example to victims of earthquakes and famines) or maintaining personal relations (friendship, marriage, family).

4 OF COMMITTED INTERESTS AND INTERESTED COMMITMENTS

The literature on gifts and grants suggests that gifts often express a commitment to some shared values in a community to which the giver belongs, including its rules of giving. Community values are approved and reinforced through the gift, requiring some measure and form of reciprocity over time and the following of certain culturally established rules for the process of giving. A proper gift for an American man to give a woman when they marry may be a diamond ring. There are rules for the approximate value this diamond ring should have: two monthly

² See for example Sahlins (1972), Cheal (1988), and, especially, the edited volume by Komter (1996).

incomes (The Economist (1997)). Explaining this pattern of gift giving, one cannot do without referring to a rule. Khalil does not want to do so and also declines from discussing how preferences are formed (p. 500, ff.). But it does seem an important issue when we are informed that the South African De Beers' company is responsible for establishing this rule. An advertisement campaign started in the 1930s established the rule of what is a proper gift upon marriage, and its proper value, so influencing people's preferences (The Economist (1997)).

Important for Khalil, the main distinction between gifts and grants is that gifts do not bear a price-tag, implying that they are expensive, luxury commodities (p. 508). If one considers substantial gifts of basic food staples in various cultures and the gift of caring labour which amounts to over 50 percent of GDP world-wide (UNDP (1995)), Khalil's distinction between gifts and grants seems to lose some of its plausibility. These gifts may not be priced, but cannot be categorised as luxury goods either. Furthermore, according to Zelizer (1997) and Parry and Bloch (1989), even money can function as a gift, while clearly conveying its price. Money can even make a gift through which people can express their love and friendship for each other, as in wedding presents 'in an envelope'.

What is clear from the literature as well as from the examples is not so much that the motives for giving either gifts or grants differ widely. Both the giving of gifts and the distribution of grants can be done for somebody's own interest and at the same time for altruistic reasons. Circumstances and form are important in establishing whether or not people believe something to be a gift. Money can be given, but the accompanying message should make it clear that the exchange is not a pure *quid pro quo*. Giver, receiver and people in the direct vicinity should all see and understand the signals that mark the difference between a gift and a commercial exchange. Money should be wrapped, for instance, or it should be a specific amount, or its form should be meddled with in such a way that all people involved understand it to be a gift (Zelizer (1997)). A gift of roses from husband to wife could be an indication of his love for her, but could also be to hide feelings of guilt over lack of congenial fidelity, for too much overwork in the office, or for not taking responsibility in dividing household chores. Gifts can thus have multiple dimensions and can be interpreted in multiple ways. This cannot be explained without considering a community's rules for what is a proper gift in which circumstances.

5 UTILITARIAN REWARD OF MORAL SENTIMENTS?

Titmuss' (1970) research on blood donations is a well-known example of gift giving that has confused economists for years. He compares the US and the UK to assess the effects of commercialisation of the provisioning of blood, which had taken place in the US. In his study, Titmuss demonstrates that blood donated without a direct, monetary reward is of a better quality than blood allocated through the market. It is also cheaper, in monetary terms, partly because gifts of blood

guarantee higher levels of efficiency in the organisation compared to a market exchange of blood. Blood donors in the UK, in the study of Titmuss, did not experience any substantive utility and could therefore, in Khalil's argument, never experience symbolic utility. Titmuss lets his respondents relate at length about what their motives for donating blood are, and what they believe (would) change(d) because of commercialisation. If there is anything that one can learn from these quotes, it is that the donors were committed to giving blood because of moral sentiments, such as a duty in their relation towards others. Even though some have called Titmuss romantic and overly optimistic about the good spirit of human kind, he too acknowledges that in the background some sort of interest is involved when people donate blood: 'in not asking for or expecting any payment of money these donors signified their belief in the willingness of other men to act altruistically in the future, and to combine together to make a gift freely available should they [themselves] have a need for it' (Titmuss, 1970, p. 239).

Moral sentiments thus seem to be different from utilitarian motives (interests), but not completely separated. This observation, however, falls outside the synthesis proposed by Khalil; a synthesis which is limited to the utilitarian plane.

6 CONCLUSION

We have argued in this comment that Khalil raises a number of important questions. But analysing these issues the way he has, Khalil has tried to steer clear from several issues that are crucial to the problem. He disregards many aspects of the gift; he ignores the choice/rule debate; he wants to remain on the utilitarian plane; and he regards gifts as rewards, as an exchange with implicit prices. Consequently, the middle-ground position, which Khalil suggests as a synthesis between Becker and Etzioni, appears to be biased in favour of Becker. Khalil's synthesis comes close to Gary Becker's recent position in *Accounting for Tastes* (1996), where moral choices are turned into endogenous preferences. For this reason it is unfortunate that he did not address the argument Becker makes in this book.

Indeed, Khalil is not the first economist who seeks to build bridges, exploring the middle ground between commitment and interest. From the inception of economists such arguments were developed, as the quote from Adam Smith's *Theory of Moral Sentiments* illustrated. Khalil's contribution to the debate is certainly useful and inspiring. But, contrary to his hopes, his argument will probably not be the final word on the relationship between moral sentiments and ordinary tastes.

Wilfred Dolfsma*⁺ and Irene van Staveren*

* Erasmus University Rotterdam, Faculty of History and Arts Studies.

+ Twente University, Philosophy of Science and Technology.

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INTERESTS AND COMMITMENTS:

REPLIES TO ETZIONI, DOLFSMA AND VAN STAVEREN

I appreciate the comments of Amitai Etzioni (1998) and Wilfred Dolfsma and Irene van Staveren (1998) on my essay (Khalil (1997b)). The comments give me the opportunity to clarify some points and even extend my argument. What I find inviting in the amoralist position of Becker is the systematic treatment of human