Sacrifice, Solidarity, and the Scope of the Market: Why Might Permitting Trade Crowd Out Gifting, and Why Would It Matter?

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In the absence of a threat of maldistribution, what reason could there be to bar trade of a genuine good that is otherwise owned? Market skeptics have asserted that, once permitted, trade tends to crowd out gifting. Why should we care, though, if needs are satisfied via sales? More importantly, why suppose that permitting trade will cause crowding out? In this paper, I address both questions with an emphasis on the second. Normatively, I claim that gifting has expressive value over and above its value in satisfying needs. Causally, I differentiate between possible cultural and psychological mechanisms, and I offer an original, institutional one. The cultural mechanism relies on the notion that pricing symbolizes a good as a mere commodity. The psychological mechanism draws on empirical evidence that introducing a monetary incentive can diminish a good's provision. And the institutional mechanism invokes an assumed division of moral labor that dictates that each of us sometimes eschews opportunities to gift so that, together, we enable the invisible hand. I further argue that the institutional mechanism is likely to be more widely applicable than the more familiar cultural and psychological mechanisms.

Keywords: markets, Richard Titmuss, commodification, over-justification, invisible hand

We are all familiar with distributive objections to the market. Consider the claim that, were we to rely exclusively on trade, then the distribution of goods would be unjust. Those with fewer resources—a lesser ability to pay—would get a lesser share of those goods than they are entitled to. Consider too the claim that market transactions made against, or shaped by, a backdrop of inequality or deprivation cannot be characterized as genuinely voluntary, and are hence exploit-

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ative or even coercive.¹ Less familiar are objections to the market's scope. The best response to inequality or deprivation is not usually to bar goods from being bought and sold—after all, it's better to have meager resources than *also* to be unable to use them to trade²—but to supplement trade's potential with taxation and redistribution. The thought is that as long as *resources* were distributed as justice demands, then we could rely on the market (although not exclusively) without fear of maldistribution or exploitation.³ At least putting to one side, then, goods that are actually “bads” (like addictive and damaging drugs), as well as goods whose possessors do not even own (and are not, thereby, theirs to sell), what reason could there ever be not to allow trade?

Market critics have often claimed that, once trade in a good is permitted, it tends to supplant or dampen (i.e. “crowd out”) what I call, drawing on its broadest construal, “gifting” (i.e. the giving of a good that is not conditional on a return). This assertion has its origins in Richard Titmuss's *The Gift Relationship*, which demonstrated that paying for blood can dampen its provision.⁴ However, it is also in the spirit of a long tradition of social thought, from Marx onwards. Indeed, so many modern thinkers have drawn an association between the spread of a market-based social order and the corrosion of other-regarding practices and attitudes that a range of distinctive labels has been coined to refer to this idea, including “the self-destruction thesis,” “the domino theory,” and “market imperialism.”⁵ Despite these deep roots, though, crowding out has been subject to insufficient scrutiny. Normatively, why should we care if permitting trade dampens gifting? Empirically, why suppose that permitting trade will have this effect?

1. See, for example, Anne Phillips, “It's My Body and I'll Do What I Like With It: Bodies as Objects and Property,” *Political Theory* 39 (2011): 737–40; Ruth Sample, *Exploitation: What It Is and Why It's Wrong* (Lanham, Md.: Rowman & Littlefield, 2003); Michael Sandel, “What Money Can't Buy: The Moral Limits of Markets,” *The Tanner Lectures on Human Values*, vol. 21, ed. Grethe B. Peterson (Salt Lake City: University of Utah Press, 2000), 94; and Debra Satz, *Why Some Things Should Not Be For Sale: The Moral Limits of Markets* (New York: Oxford University Press, 2010), 97–98.

2. Alan Wertheimer, *Exploitation* (Princeton, N.J.: Princeton University Press, 1996), 289–93.

3. John Roemer, *Egalitarian Perspectives* (New York: Oxford University Press, 1996), 13–114.

4. Richard Titmuss, *The Gift Relationship: From Human Blood to Social Policy* (New York: Pantheon Books, 1971).

5. See, in turn, Albert Hirschman, “Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble?” *Journal of Economic Literature* 20 (1982): 1466–70; Margaret Radin, *Contested Commodities* (Cambridge, Mass.: Harvard University Press, 1996), 95–101; and Michael Walzer, *Spheres of Justice: A Defense of Pluralism and Equality* (New York: Basic Books, 1983), 120.

In this article, I address these relatively neglected questions. My primary concern is with the second, causal question, as, to my mind, it is the more pressing of the two and presents an intriguing puzzle. While scholars often write as if trading necessarily excluded gifting, this claim is, whatever its merits, not true of the *permission* to trade. To allow trade in a good is not to bar its gift, nor, clearly, to obligate its trade.⁶ Also, exponents of the crowding-out thesis have traditionally emphasized evidence that acting altruistically, as when one gives a gift, is self-reinforcing. Indeed, this is the predominant interpretation of Titmuss's worries.⁷ Clearly, though, such evidence cannot explain why permitting trade would dampen gifting. Indeed, it is reason to doubt the crowding-out thesis, as, if gifting is self-reinforcing, it should prove robust in the face of a permission to trade.

In addressing the causal question, my first purpose is typological: I want to clearly differentiate reasons to expect crowding out that are distinct, yet commonly conflated.⁸ Nonetheless, I also have a critical aim: in identifying reasons to think that the the cultural and psychological arguments for crowding out are of limited applicability, I am prompted to offer an original, institutional argument. The cultural argument relies on the claim that permitting trade entails pricing, and pricing symbolizes the good as a commodity rather than as metaphorically priceless. I argue that whatever the merits of this claim—which I label, following David Archard, “contamination of meaning”⁹—the further link to diminished gifting is not obvious. The psychological argument draws on experimental evidence that the advent of external incentives, like monetary payments, can reduce a good's provision—an effect whose explanation psychologists have labeled “over-justification.”¹⁰ I note that this evidence cannot explain why merely

6. Kenneth Arrow, “Gifts and Exchanges,” *Philosophy and Public Affairs* 1 (1972): 343–62; Loren Lomasky, “Gift Relations, Sexual Relations, and Freedom,” *Philosophical Quarterly* 33 (1983): 250–58.

7. David Archard, “Selling Yourself: Titmuss's Argument Against a Market in Blood,” *The Journal of Ethics* 6 (2002): 87–103; Lomasky, “Gift Relations,” 251–52 (see previous note); Radin, *Contested Commodities*, 96 (see note 5 above); Satz, *Why Some Things Should Not Be For Sale*, 192–215 (see note 1 above); Peter Singer, “Altruism and Commerce: A Defense of Titmuss Against Arrow,” *Philosophy and Public Affairs* 2 (1973): 312–20.

8. For other such attempts, see Archard, “Selling Yourself,” 87–103 (see previous note); Jason Brennan and Peter Jaworski, *Markets Without Limits: Moral Constraints and Commercial Interests* (New York: Routledge, 2016); and Adrian Walsh, “Are Market Norms and Intrinsic Valuation Mutually Exclusive?” *Australasian Journal of Philosophy* 79 (2001): 525–43.

9. Archard, “Selling Yourself,” (see note 7 above).

10. Ibid.; Edward Deci, “Effects of Externally Mediated Rewards on Intrinsic Motivation,” *Journal of Personality and Social Psychology* 18 (1971): 105–15; Edward Deci and Richard Ryan, *Intrinsic Motivation and Self-Determination in Human Behavior* (New York: Plenum Press,

permitting payments would have this effect. These concerns motivate the institutional explanation, which relies on an assumed division of moral labor dictating that each of us sometimes eschews gifting, instead reserving our resources for *quid pro quo*, so that, together, we empower the invisible hand.

On this argument, rather than being a concession to selfishness, the market is an institution that even other-regarding agents might need to employ in order to overcome informational barriers to meeting needs. To the extent that others' needs are opaque, making giving conditional on a return can help to ensure both that goods pass to those who need them most and flow from those who would miss them least. But only doing so simultaneously, or otherwise coordinating our efforts, can bring about these effects. After all, if potential recipients of some good I am selling are prepared to pay more than they value it out of concern for *my* needs, my attempt to solicit neediness by requiring payment will fail. Similarly, if only *I* demand a return while other suppliers are prepared to part with the good for free, purchasers will go elsewhere even if it would be least burdensome for me to part with the good. According to the institutional argument, then, permitting trade threatens gifting by sending the signal that agents ought to re-coordinate around *quid pro quo* to avoid these pitfalls.

The following article is divided into five sections. In the first, I situate my analysis with respect to the contemporary literature on trade in bodily goods and the historical literature on the corruptions of capitalism. Here I explore the relatively neglected territory identified by Jonathan Wolff, who has speculated that, even if some goods should be "fenced off from the market," it may be less important *which particular goods those are*.¹¹ In the second, I address the normative question: what's wrong with material entitlements (henceforth "needs") being met by sales? In response, I maintain that gifting serves an expressive function. In communicating other-regard, gifting both affirms self-worth and possesses the potential to dissolve barriers to collective action by dispelling mutual suspicions and fostering solidarity. In the third, fourth, and fifth sections, I address the three arguments for crowding out in turn, before concluding. The first emphasizes the symbolic power of price, the second emphasizes evidence that monetary incentives can prove counterproductive, and the third stresses the potential for miscoordination on the invisible hand.

1985); Mark Lepper and David Greene, eds., *The Hidden Cost of Reward: New Perspectives on the Psychology of Human Motivation* (Hillsdale, N.Y.: Erlbaum, 1978).

11. Jonathan Wolff, *Ethics and Public Policy: A Philosophical Inquiry* (London: Routledge, 2011), 187–90.

Before commencing, though, I should define terms. Conceptually, I draw a stark contrast between trading and gifting. Trade is any transaction that is *quid pro quo*, and hence involves transfers that are expressly conditional on a return. A gift, in contrast, is any transfer that is not conditional and hence, in itself, involves sacrifice (even if a reciprocal gift is expected, or is subsequently received). Thus conceived, “gifting” might appear both too broad and not broad enough. It might appear too broad in that we are used to restricting this term to intimate contexts, as between friends, family members, or colleagues. It might appear too narrow, on the other hand, because we are used to using this term more liberally within an intimate space. Consider the gift between business associates that is plainly and commonly understood to be conditional on a reciprocal gift when the appropriate time comes, and which therefore might be better termed a payment. There are, however, strong reasons to adhere to this definition. For one thing, it is in the tradition of Titmuss, who titled his influential work *The Gift Relationship* despite the fact that it focused on the political rather than intimate space. As such, we can engage the literature on this foundational work without having to translate terms. More importantly, however, the most obvious alternative term, “altruism,” is so closely tied to attitudes that it would risk confusion to use it to designate behavior.

I should also say a few words about my remit. On the causal side, I articulate the crowding-out thesis in terms of an all-or-nothing choice, specifically one to allow trade where it was previously prohibited (rather than vice versa), merely for clarity and so as to be able to speak to policy in an era of liberalization. I do not mean to deny that the arguments I consider, or somewhat similar ones, might validate a worry about crowding out even when faced with the decision to lighten a good’s regulation or taxation—or regulation and taxation in general—or to bar trade where it was previously permitted. On the normative side, too, I follow the preponderance of contemporary scholarship on market boundaries by adopting a consequentialist perspective and assuming that all else remains equal. The former restriction is relevant because there are clearly factors that bear on whether to permit trade apart from the *effects* of doing so. I bracket concerns regarding the legitimacy of promoting the good by prohibiting trade and the individual’s obligation to respect a legitimate prohibition, then, only because my main focus is on the causal question. The latter restriction is relevant because, when faced with a policy choice, all else might not be equal. Even assuming that an attenuation of gifting would be bad, then, and that permitting trade would precipitate it, arriving at a conclusive assessment would require that we weigh positive consequences too, including those arising via trade.

Trade in Bodily Goods and the Corrosions of Capitalism

There are two literatures on the market's scope with which the reader is likely to be familiar. The first is the contemporary literature on trade in bodily goods—that is, body parts (like blood, organs, sperm, and ova) and intimate “services” (like sex, gestation, and childbirth).¹² The second is in the tradition of social thought that stresses the association between the emergence of a market-based social order—typically *laissez-faire* capitalism or “market society”—and the erosion of other-regarding attitudes and norms, as well as the practices and bonds to which they give rise. Although the crowding-out thesis originates with an analysis involving blood, I argue that it is closer in spirit to the corrosions of capitalism literature, and thereby seeks to articulate a reason to limit the scope of the market that presumes nothing about the nature of the relevant good.

Numerous scholars have claimed that trading in bodily goods is objectionable—that is, bad (to a greater or lesser extent) or wrong (whether absolutely or merely in the absence of exceptional circumstances)—because it comes too close to trading in human beings. Nobody draws a direct equivalence with the slave trade, but many authors imply that, if there is a difference between the two, it is only a matter of degree. Of course, the most familiar and strongest objection to the slave trade historically was an objection to slavery rather than exchange. Morally speaking, slave masters did not own the “goods” they claimed to own; hence it is relatively easy to see why they did not possess the prerogative to sell them. But critics of trade in bodily goods do not mean to deny that we own our bodies. One can think of their central or most distinctive argument, then, as an argument from analogy, one that draws a parallel with selling oneself into slavery. In the same way, then, that purchasing a human being would remain objectionable even with consent, trade in bodily goods remains objectionable despite its voluntary character.

12. Elizabeth Anderson, *Value in Ethics and Economics* (Cambridge, Mass.: Harvard University Press, 1993), 168–89; Ruth Chadwick, “The Market for Bodily Parts: Kant and Duties to Oneself,” *Journal of Applied Philosophy* 6 (1989): 129–39; Cecile Fabre, *Whose Body is it Anyway? Justice and the Integrity of the Person* (Oxford, U.K.: Oxford University Press, 2008); Stephen Munzer, “An Uneasy Case Against Property Rights in Body Parts,” *Social Philosophy and Policy* 11 (1994): 259–86; Anne Phillips, *Our Bodies, Whose Property?* (Princeton, N.J.: Princeton University Press, 2013); Satz, *Why Some Things Should Not Be For Sale*, 115–34, 189–206 (see note 1 above); James Stacey Taylor, *Stakes and Kidneys: Why Markets in Human Body Parts are Morally Imperative* (Farnham, U.K.: Ashgate, 2005); Stephen Wilkinson, *Bodies for Sale: Ethics and Exploitation in the Human Body Trade* (London: Routledge, 2003).

At points, Elizabeth Anderson comes close to this position in her discussion of commercial surrogacy.¹³ Anderson maintains that the “mode of valuation” befitting human beings is “respect,” not “use.” However, respect demands more than that we secure consent, as is commonly supposed. Behaviorally, respect requires that we not trade, and attitudinally, it requires that we not be *willing* to trade, even if the price is right. The worry seems to be that if we buy and sell something, or even are willing to do so, it assumes an explicit price. But pricing contaminates meaning. It culturally represents the relevant good as a commodity regardless of its true nature. Pricing those things that possess higher value, then, like human beings, “degrades” them.¹⁴

Objecting to symbolism in the absence of adverse consequences is a strong view to take. Why is it worrisome to symbolize as a commodity something that is and will remain of final, intrinsic and/or incommensurable value—and is, perhaps, viewed as such by both parties—if nobody is harmed?¹⁵ This is not the only variant of this objection, however. It is often claimed that contamination of meaning is problematic because it has a perverse social influence.¹⁶ This objection would seem to assume that people have trouble distinguishing non-commodities from commodities, and use the heuristic of price to distinguish the two. In the case of commercial surrogacy, then, the worry is less that paid surrogates and the children they give up are treated degradingly, but that the appearance that they are will erode respect for women and love for children. Along these lines, Debra Satz has argued that, as contract pregnancy involves close supervision of and control over women’s bodies, and given that pregnancy is not accorded the social esteem it merits, we should expect commercial surrogacy to perpetuate the perception that women are subordinate to men.¹⁷ Analogously, Anne Phillips has argued that “our status as equals is the potential casualty when the bodies of some are routinely employed to patch up problems with the bodies of others.”¹⁸

Both variants of this objection are open to criticism. Even if it were true that pricing a good degraded it symbolically, there is a distinction to be made between bodily goods and *human beings*. A vial of blood or a kidney is not a person; it is not

13. Elizabeth Anderson, “Why Commercial Surrogate Motherhood Unethically Commodifies Women and Children: Reply to McLachlan and Swales,” *Health Care Analysis* 8 (2000): 19–26; Anderson, *Value in Ethics and Economics* (see previous note).

14. Anderson, *Value in Ethics and Economics*, 175–76 (see note 12 above).

15. Walsh, “Market Norms,” 525–43 (see note 8 above).

16. Wilkinson, *Bodies for Sale*, 178–81 (see note 12 above).

17. Satz, *Why Some Things Should Not Be For Sale*, 127–34 (see note 1 above).

18. Phillips, *Our Bodies*, 153 (see note 12 above).

even a body, but merely a part of it, and a replaceable and non-essential one at that. And although intimate and ordinary labor undoubtedly differ, both comprise actions rather than the human beings who perform them. Even Marx, who thought that buying and selling *any* labor was objectionable given its symbolism, recognized this distinction.¹⁹ There is also reason to be skeptical of the argument that symbolic commodification poses a perverse social influence. Are professional athletes really in danger of being mistreated because they are tradeable between teams?

My purpose here, though, is not to pass judgment on these arguments. I raise them only to show that, appearances notwithstanding, they are orthogonal to the crowding-out thesis. Because *The Gift Relationship* has been so influential within the bodily goods literature, it is tempting to assume both that this thesis encapsulates the main objection to trade in bodily goods and that crowding out could only ever be a danger in case of such goods. However, this would be a mistake. While it is true that the main objection to trade in bodily goods and the first argument for crowding out considered below both rely on the notion that, once a good assumes an explicit price, it symbolizes a commodity, this is where the similarity ends. First, the objection to trade in bodily goods directs our attention to how we thereby treat those goods—as those goods are, ultimately, *us*—whereas the crowding-out thesis, being concerned with gifting, directs our attention to the recipient's well-being. More importantly, and as will become clearer forthwith, no variant of the thesis demands, as the objection to trade in bodily goods must, that the good take a bodily form. Even the argument for crowding out that relies on contamination of meaning does not require that the good be a bodily one, as the worry in that case is not that symbolic commodification degrades it, but that its symbolic commodification makes gifting less likely. As such, *any* good that might be thought metaphorically priceless is potentially vulnerable to crowding out.

19. Marx's objection to the labor market in its symbolic aspect was not that, because labor and human beings are conceptually indistinguishable, selling the former degrades the latter too. Rather, his objection was that, in socially distancing labor from the products that it, solely, was responsible for producing, the labor market causes us to wrongly ascribe to those products the source of their own market-value. As a consequence, the labor market in its symbolic aspect helps explain the maintenance of a system in which workers are alienated. See Karl Marx, *Capital*, vol. 1 (London: Penguin Books, 1976), 163–77; Karl Marx, "Economic and Philosophic Manuscripts of 1844," in *The Marx-Engels Reader*, ed. Robert C. Tucker (New York: W.W. Norton & Company, 1978), 66–125; and G.A. Cohen, *Karl Marx's Theory of History* (Princeton, N.J.: Princeton University Press, 1978), 119–24.

Because the crowding-out thesis is not restricted to bodily goods, it lies in the broader tradition of social thought that stresses the connection between the emergence of a market-based social order and the erosion of other-regarding attitudes and practices.²⁰ The most famous statement is from *The Communist Manifesto*, in which Marx and Engels charged the bourgeoisie with having “pitilessly torn asunder” all established social ties—feudal, religious, sentimental, honorific, and familial—and substituted, in their place, “no other nexus between man and man than naked self-interest, than callous ‘cash payment.’”²¹ Other exemplars include Weber’s analysis of modernization as a process whereby communal relationships are subverted by associative ones,²² as well as Karl Polanyi’s contention that the market economy necessarily reshapes societal bonds “in such a manner as to allow that system to function according to its own laws.”²³ Perhaps the most concise statement, though, was identified by Albert Hirschman in Fred Hirsch’s *Social Limits to Growth*. In Hirsch’s view, the social morality that predated capitalism “has diminished . . . with the corrosive contact of the active capitalist values,” such that “individual behavior has been increasingly directed to individual advantage, [and] habits and instincts based on communal attitudes and objectives have lost out.”²⁴

However, while the crowding-out thesis follows in this tradition, it should be noted that it is expressly causal and narrower, and thus, arguably, more policy-relevant. If the thesis that concerned us were that the emergence of a market-based social order tended to see trade supplant gifting, we might be thought to invoke a tautology. Weber’s claim that “the market and the competitive economy resting on it” represents the most important type of “the reciprocal determination

20. For surveys, see Samuel Bowles, “Endogenous Preferences: The Cultural Consequences of Markets and Other Economic Institutions,” *Journal of Economic Literature* 36 (1998): 77–111; Marion Fourcade and Kieran Healy, “Moral Views of Market Society,” *Annual Review of Sociology* 33 (2007): 285–311; Hirschman, “Rival Interpretations,” 1466–70 (see note 5 above); and Stephen Lukes, “Invasions of the Market,” in *Worlds of Capitalism: Institutions, Economic Performance and Governance in an Era of Globalization*, ed. Max Miller (New York: Routledge, 2005): 298–321.

21. Karl Marx and Friedrich Engels, *The Communist Manifesto* (London: Penguin Classics, 2002), 222.

22. Max Weber, *Economy and Society*, vol. 1 (Berkeley: University of California Press, 1978), 40–43. Weber’s analysis drew on Ferdinand Tönnies’s distinction between *Gemeinschaft* and *Gesellschaft*, and Hobbes’s distinction between “union” and “concord.” See Istvan Hont, *Politics in Commerical Society: Jean-Jacques Rousseau and Adam Smith* (Cambridge, Mass.: Harvard University Press, 2015), 6.

23. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 2001), 60.

24. Fred Hirsch, *Social Limits to Growth* (Cambridge, Mass.: Harvard University Press, 1976), 117–18, quoted in Hirschman, “Rival Interpretations,” 1466 (see note 5 above).

of action in terms of pure self-interest” lends itself to this interpretation. So too does Polanyi’s characterization of society’s subordination in terms of the spread of trade—an activity that, reserved to its proper place, Polanyi is at pains to stress long predated market society.²⁵ Seen in this light, one should take the crowding-out thesis as asking us to consider the extent to which policy choices have any power to arrest the developments associated with modernization, or whether we are rather captive to deeper historical forces.

The Expressive Power of Gifting

Before turning to the causal question, I begin with the normative question. What would it matter if permitting trade dampened gifting? While the response to this question will always be subject to reasonable disagreement, in this section I put forward a view that is not merely, I think, appealing, but lies beneath the surface of much of the literature on market boundaries. Specifically, I argue that gifting has expressive value over and above its value in satisfying needs. As gifting is difficult to explicate without attributing a degree of other-regard (or altruism) to the giver, it serves not merely to benefit the recipient but to convey the giver’s concern. In doing so, it not only offers the recipient affirmation, but promises to dispel mutual suspicions and cement solidarity, the bond that sees those who share it be disposed to act as if part of a team.

Market skeptics standardly discuss crowding out as if its disvalue were obvious. Usually the worry seems to be that, if gifting declines, recipients will go without, or else be worse off on account of having to pay for a good that they previously got for free.²⁶ Yet this supposition neglects the potential of trade. Take Titmuss’s example of blood. Even if permitting trade or paying for blood would diminish donations, net provision need not fall, and may even rise; it all depends on the price at which, under the influence of supply and demand, payments equilibrate. Provided the price is sufficiently great, increased sales will compensate for diminished donations. Indeed, it is possible that an increase in net provision would compensate for having to pay, such that recipients would be no worse off, or even better off, on balance; again, it all depends on how sparing sellers are as compared to donors.²⁷

25. Weber, *Economy and Society*, 43 (see note 22 above); Polanyi, *Great Transformation*, 257–58 (see note 23 above).

26. Satz, *Why Some Things Should Not Be For Sale*, 193–95 (see note 1 above).

27. Uri Gneezy and Aldo Rustichini, “Pay Enough or Don’t Pay At All,” *Quarterly Journal of Economics* 115 (2000): 791–810.

A massive supply for a meager sum is preferable to a meager supply for free. More to the point, a concern for diminished supply is a familiar distributive one; as long as we are bracketing such concerns, then, with what are we left?²⁸

According to my usage, the transfers entailed by trade are expressly *quid pro quo*, whereas gifts are not. While the gift-giver might expect a return—and even, in the right circumstances, be regretful if they don’t receive one (given what this expresses about the recipient’s lack of gratitude)—their giving is not conditional as such. As a consequence, gifting involves sacrifice, and is difficult to explicate without attributing at least a degree of other-regard to the giver. Why wouldn’t you assure yourself a return if you only cared about yourself? Gifting thus serves not merely to benefit the recipient, but to communicate the giver’s caring. This stands in marked contrast with market exchange. As Adam Smith so famously asserted: “it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest.”²⁹ While my butcher, brewer, or baker might care about my needs, in other words, and be prepared to part with their goods were I unable to pay, this cannot be gleaned from our market interaction.

It is sometimes assumed that the *quid pro quo* character of trade implies that the agents engaged in it must be purely self-interested. This assumption, however, is incorrect. Consider the fact that buyers and sellers respect property rights, and thereby pursue self-interest, to the extent that they do, only within a constraint.³⁰ The fact that they decline to steal, in other words, may be due to altruism or, as was Smith’s view, integrity, rather than a fear of retaliation or punishment. Or consider the fact that, acting alone, one cannot benefit both oneself and another within the constraint of property rights. Even where trade would be mutually beneficial, one must still secure one’s trade partner’s consent. It is possible, then, for trade to represent coordination between agents motivated by the common interest rather than by each of their self-interests.³¹ Indeed, arguably *quid pro quo* is consistent with un-

28. Michael Sandel, “Market Reasoning as Moral Reasoning: Why Economists Should Re-Engage with Political Philosophy,” *Journal of Economic Perspectives* 27 (2013): 121–40, at 123–25; Michael Sandel, *What Money Can’t Buy: The Moral Limits of Markets* (New York: Farrar, Straus and Giroux, 2012); Sandel, “What Money Can’t Buy,” 94–98 (see note 1 above).

29. Adam Smith, *The Wealth of Nations: Books I–III* (London: Penguin Books, 1982), 119.

30. Amartya Sen, “Rational Fools: A Critique of the Behavioral Foundations of Economic Theory,” *Philosophy & Public Affairs* 6 (1977): 327–29.

31. Luigino Bruni and Robert Sugden, “Fraternity: Why the Market Need Not Be a Morally Free Zone,” *Economics and Philosophy* 24 (2008): 35–64; A.J. Julius “The Possibility of Exchange,” *Politics, Philosophy & Economics* 12 (2013): 361–74; Robert Sugden, “Team Reasoning and Intentional Cooperation for Mutual Benefit,” *Journal of Social Ontology* 1 (2015): 143–66. In-

adulterated other-regard: consider the charity that sells its anti-malarial bed nets rather than donating them only to ensure that their recipients appreciate their value. Trading is expressively inferior to gifting, then, not because trading is only explicable in terms of self-regard, but because gifting is difficult to explicate without reference to other-regard.³²

Why does the expression of other-regard matter? The most obvious response is that it offers its recipient affirmation of self-worth. In *A Theory of Justice*, Rawls claimed that “a person’s sense of their own value” is part of a good—self-respect—that is far more important than income or wealth, as without it one could not even summon the enthusiasm to form or further those aspirations whose pursuit necessitates monetary resources. As a consequence, it is imperative that the basic institutions of society be ordered so as to “publicly express man’s respect for one another.”³³

Yet the expressive aspect of gifting can be of social value too, namely in combatting barriers to collective action. It is sometimes thought that such barriers are a function of selfishness alone. Yet asymmetric information and the character of individual agency can also be to blame. For example, to maintain cooperation in the typical two-player prisoner’s dilemma, a game in which each player has a self-interested incentive to “defect” regardless of what the other does, requires more than that each of the players aims at the aggregate good. In the case where tolerating the “sucker’s payoff”—the payoff a player receives when only *they* cooperate—would be costlier to the player pursuing that strategy than it would be beneficial to the free-rider, they must also feel confident that the other is similarly motivated. After all, if only one agent were other-regarding, the players would find themselves in an assurance dilemma, a game in which even the selfless player has an incentive to defect, if only to preempt the other’s defection.³⁴

deed, perhaps trade is consistent with what G.A. Cohen called “communal” (as opposed to “market”) reciprocity? See G.A. Cohen, *Why Not Socialism?* (Princeton, N.J.: Princeton University Press, 2009): 38–43.

32. Robert Sugden, “Mutual Advantage, Conventions, and Team Reasoning,” *International Review of Economics* 58 (2011): 9–20, at 16.

33. John Rawls, *A Theory of Justice* (Cambridge, Mass. Harvard University Press, 1999), 386, 155–56.

34. Graham Dodds and David Shoemaker, “Why Can’t We All Just Get Along: Human Variety and Game Theory in Hobbes’s State of Nature,” *Southern Journal of Philosophy* 40 (2002): 345–74. Arguably, the possibility that the individual is in an assurance dilemma is the main reason for preemptive violence in Hobbes’s state of nature, given that most people are “moderate” rather than “vainglorious.” See Daniel Eggers, “Hobbes and Game Theory Revisited: Zero-Sum Games in the State of Nature,” *Southern Journal of Philosophy* (2011): 193–226.

Even given common confidence of mutual other-regard, cooperation can still prove illusive. In the case under consideration here, common belief dissolves an apparent assurance dilemma only to leave the players in Rousseau's stag hunt—a game in which, while mutual cooperation is an equilibrium, so is mutual defection. In stag hunt, no player has an incentive to defect from a cooperative effort to capture a stag when such is underway, as even a share of a stag is preferable to a hare, which is all that could be got if acting alone. But neither does any player have an incentive to pursue a stag in the absence of such an effort. At least when starting from the latter, then, social paralysis looms, and something else is required: *solidarity*. Rather than asking, “what can *I* do to promote the aggregate good?”—to which the answer is necessarily, in an equilibrium, “nothing”—each agent must instead ask “what profile of actions can *we* best adopt to this end?”³⁵

Given its expressive power, gifting has the potential to combat both barriers to collective action. By communicating other-regard, gifting provides assurance that the recipient is not alone in being unselfish. The practice of gifting can also combat the barrier to collective action represented by the character of unilateral agency. Team-reasoners escape the trap represented by Rousseau's stag hunt because, in identifying with a team, each feels confident of what others will do despite the fact that what would be best for them to do remains contingent. For illustration, two basketball players executing a simultaneous pass and cut are not normally held back by the fact that the direction in which it is best for each to proceed remains contingent on what the other does, their common goal notwithstanding. What generates the requisite form of group identification? While joint action has been subject to more conceptual analysis than empirical scrutiny, evidence from social psychology demonstrates that merely being in a position to secure a shared goal is insufficient to move agents to team identification. What is needed is a sense of *common fate*.³⁶ Clearly, there are various ways of distributing and redistributing goods, including trade and taking. Given its expressive power, though, only gifting seems to offer assurance that we are “all in this together” come what may. As Miriam

35. For an account of solidarity as the bond shared by members of a group who each reason and act as if part of team—including, potentially, where there is disagreement concerning shared ends and the best means to achieve ends—see Avery Kolers, “The Priority of Solidarity to Justice,” *Journal of Applied Philosophy* 31 (2014): 420–33 and Mariam Thalos, “Solidarity: A Motivational Conception,” *Philosophical Papers* 41 (2012): 57–95. For the team-reasoning account of joint action, see Michael Bacharach, *Beyond Individual Choice* (Princeton, N.J.: Princeton University Press, 2006) and Natalie Gold and Robert Sugden, “Collective Intentions and Team Agency,” *Journal of Philosophy* 104 (2007): 109–37.

36. Frank Hindriks, “Team Reasoning and Group Identification,” *Rationality and Society* 24 (2012): 198–220.

Thalos puts it, then, debates over the scope of trade, including where it impacts alternative practices such as gifting, should be informed by more than merely “rights, liberties, and the delights of the market,” but also by “concerns about the ecology of agency and the sustainability of certain modes of social organization.”³⁷

In general, then, there are reasons to value gifting even putting to one side distributive concerns. However, it is important to note two caveats. The first is that it is sometimes difficult to distinguish genuine gifts from transfers that are, in fact, *quid pro quo*. While parties to a transaction will usually have access to the behavioral cues and associated norms that enable them to differentiate the two, things may not be so transparent from the outside. This may explain why the extensive anthropological literature on gifting in pre-modern and non-market societies retains this nomenclature despite the fact that, once probed, much giving appears to be of the form *do ut des* (“I give that you may give.”)³⁸ It is possible that the “exchangist” interpretation that dominates this literature, which threatens to reduce gifting to merely a form of deferred trade, rests on an ambiguity.³⁹ It is one thing for giving to prompt a reciprocal return, and even for the giver to be regretful in its absence given what this expresses. It is quite another for giving to be explicitly conditional. Regardless, the pertinent point for our purposes is that where permitting trade threatens some related behavior, rather than gifting proper, different normative considerations are likely to arise.

The second caveat is this: however well-intentioned, gifts can end up harming their recipients. Consider the extravagant gift that shames the recipient, or induces a self-defeating attempt to compete.⁴⁰ Or consider the gift whose recipient, feeling bound to reciprocate, is drawn into a relationship they would rather be without, or can only avoid at a cost to their integrity.⁴¹ More importantly, perhaps, gifts can result in an extension of power by, as Marcel Mauss put it, “lording it over our fellow men.”⁴² The shamefaced recipient may be induced to defer to

37. Thalos, “Solidarity,” 86–88 (see note 35 above).

38. Marcel Mauss, *The Gift: The Form and Reason for Exchange in Archaic Societies*, trans. W.D. Halls (London: Routledge, 1990).

39. Dave Elder-Vass, “Free Gifts and Positional Gifts: Beyond Exchangism,” *European Journal of Social Theory* 18 (2015): 451–68.

40. A feature of the potlatch and similar cultural systems studied not merely by Mauss but other prominent anthropologists, including Bronislaw Malinowski, Claude Levi-Strauss, and Marshall Sahlins.

41. Gerald Dworkin, “Is More Choice Better than Less?,” *Midwest Studies in Philosophy* 7 (1982): 47–61; J. David Velleman, “Against the Right to Die,” *Journal of Medicine and Philosophy* 17 (1992): 665–81, at 672–73.

42. Mauss, *The Gift*, 96 (see note 38 above).

the giver, and the recipient who cannot afford to reciprocate may feel trapped by indebtedness.⁴³ As Adam Smith argued in the oft-forgotten line that concludes his most famous passage: “nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens.”⁴⁴ Trade, in contrast, enables us to “satisfy our economic needs without dependency, with dignity and self-respect.”⁴⁵ Social scientists have tended to see gifting’s power dynamic as merely the price to be paid for other goods. Most famously, Mauss’s uncle and mentor, Émile Durkheim, maintained that these dynamics were necessary to secure societal harmony in the absence of the finely differentiated division of labor that, in modern societies, allows social equality and individual freedom to work for—or, at least, not against—this end.⁴⁶ It clearly behooves us, though, to remember the darker potential of gifting when faced with the prospect of crowding out.

Cultural Crowding Out: Contamination of Meaning

Having considered why we should worry about crowding out in the absence of distributive concerns, I want to return to the causal question: why might allowing trade dampen gifting? In the literature, the most common argument relies on the notion that pricing a good diminishes it symbolically—a notion I have labeled “contamination of meaning.” According to this view, permitting trade entails the assignment of price. Pricing, in turns, symbolizes a good as a commodity (whether or not it actually *is* a commodity). And symbolic commodities make less resonant gifts than symbolic higher goods. I will discuss each of these steps in turn, before evaluating them as a basis for fearing crowding out.

First, a few words on pricing. We are used to thinking that all that is necessary for something to have a price is that it be bought and sold—or, perhaps, that people are *willing* to buy and sell it, provided the price is right. This is the standard understanding of price invoked in the bodily goods literature. However, if the notion that pricing contaminates meaning is to justify a fear of permitting trade, a “price” cannot be just any set of terms on which parties currently transact, or would willingly transact if only they were able. There is invariably some trade, and terms on which agents would transact, even when trade is prohibited. The notion of price invoked by the argument for crowding-out that appeals to con-

43. Alvin Gouldner, “The Norm of Reciprocity: A Preliminary Statement,” *American Sociological Review* 25 (1960): 161–78.

44. Smith, *Wealth of Nations*, 119 (see note 29 above).

45. Bruni and Sugden, “Fraternity,” 44 (see note 39 above).

46. Émile Durkheim, *The Division of Labor in Society* (New York: Free Press, 2014).

tamination of meaning, then, must be a normative one: “price” must refer not to those terms on which parties do transact, or would transact, but rather to those terms on which parties *could permissibly* transact. Permitting trade thereby *entails* pricing. As such, some goods are without price despite being traded (on the black market) and other goods are priced despite being untraded.

What’s a “commodity”? In the Marxist tradition, the commodity form has a relational aspect.⁴⁷ The concept appealed to by the argument from contamination of meaning, however, is not so complex. On this view, a commodity is anything that, however great its price, has merely instrumental, extrinsic and/or commensurable value.⁴⁸ The exemplar is money. Money is only valuable as a means to purchase other goods, is only in a position to do so because it happens to be desired by others (its instrumental value is not, thereby, intrinsic), and might legitimately be used to purchase anything with a price tag.⁴⁹ Higher goods, in contrast, possess final, intrinsic, and/or incommensurable value. The quintessential examples are human beings and relationships, but material goods like works of art and religious artifacts are often placed in this category too.

What does it mean to “symbolize” a commodity, and why would pricing symbolize a good as a commodity, regardless of its true nature?⁵⁰ On my usage, to symbolize a commodity is simply for a prevailing social norm to judge that good a commodity on the basis of the way it is represented. It is not necessarily to *be* a commodity, nor is it to be *believed* to be a commodity, as individuals can and sometimes do depart from such norms. It is not easy to rationalize a norm that connects price with the commodity form, either. It is not as if there is any inconsistency between being priced and actually possessing higher value, after all: consider the historical slave trade. Nonetheless, it cannot be denied that there is a long-established cultural association between literal and metaphorical pricelessness in the West, and hence between pricing and contamination of meaning. Most famously, Kant encapsulated this association when he stated that human beings are “above all price” to express the idea that they, alone, possess dignity and are ends in

47. Marx, *Capital*, 125–77 (see note 19 above).

48. Lukes, “Invasions,” 303 (see note 20 above); Radin, *Contested Commodities*, 118 (see note 5 above).

49. Georg Simmel famously argued that it was by virtue of money possessing such features that social relations are remade in its image as the market spreads with modernization. See *The Philosophy of Money* (Abingdon, U.K.: Routledge Classics, 2011).

50. For the notion that it is pricing in particular that contamination of meaning takes to be corrosive of symbolism, see Archard, “Selling Yourself,” 93–94 (see note 7 above); Radin, *Contested Commodities*, 101 (see note 5 above); Walsh, “Market Norms,” 525–30 (see note 8 above).

themselves.⁵¹ But it persists to the present day in both public discourse and scholarly debate. In the market boundaries literature, for instance, it is frequently asserted that the argument from contamination of meaning implies that pricing a good does not merely symbolize it as a commodity, but symbolizes it as the *exemplar* commodity, money.⁵²

Why, finally, would symbolic commodities make less resonant gifts? Recall that, according to the argument that concerns us here, contamination of meaning is not worrisome because it would entail or encourage degrading treatment of the good, as was the case with body parts and intimate services. Rather, the worry is that to contaminate a good's meaning diminishes its expressive potential as a gift. This worry is particularly puzzling because gifting a tradeable good typically entails greater sacrifice, as its giver not only forgoes its enjoyment, but also its sale.⁵³ One might assume, then, that symbolic commodities therefore make *more* resonant gifts. Sociological work on gifting helps elucidate why this is not the case. Sociologists have long observed that gifts convey qualitatively distinct messages depending on their symbolic form, as it is their symbolism that enables gifts to be "one of the ways in which the pictures that others have of us in their minds are transmitted."⁵⁴ Giving a child something that is a "boy's toy," for example, clearly transmits a different perception of that child than does giving them a "girl's toy." In light of this evidence, it is relatively easy to see why a symbolic commodity might be thought a less resonant gift than a symbolic higher good. Gifting a symbolic higher good serves not merely to communicate other-regard, but, in mirroring the higher value of the recipient, or of the relationship, serves to convey that the giver recognizes and appreciates this value. When a good is symbolically commodified, then, it is no longer able to play this mirroring role.

51. Immanuel Kant, "Groundwork of the Metaphysics of Morals" in *The Cambridge Edition of the Works of Immanuel Kant: Practical Philosophy*, trans. Mary J. Gregor (Cambridge: Cambridge University Press, 1996), 84.

52. Eric Mack, "Dominos and the Fear of Commodification," in *Markets and Justice: Nomos XXXI*, ed. John Chapman and J. Roland Pennock (New York: New York University Press, 1989), 199–200; Radin, *Contested Commodities*, 96–97 (see note 5 above); Peter Singer, "Freedom and Utilities in the Distribution of Health Care," *Markets and Morals*, ed. Gerald Dworkin, Gordon Bermant, and Peter G. Brown (New York: John Wiley & Sons, 1977), 161.

53. Tibor Machan, "Blocked Exchanges Revisited," *Journal of Applied Philosophy* 14 (1997): 260; Robert M. Stewart, "Morality and the Market in Blood," *Journal of Applied Philosophy* 1 (1984): 231.

54. Barry Schwartz, "The Social Psychology of the Gift," *American Journal of Sociology*, 73 (1967): 1–11.

Having discussed the key steps in the cultural argument in support of the claim that permitting trade will tend to crowd-out gifting, I want to say a few words about what we should make of it. It is tempting to criticize the notion that pricing contaminates meaning on its own grounds. It is not at all clear, for one thing, that there is a cultural norm that deems priced goods commodities, at least not in the contemporary West. The common refrain that it is preferable, from an expressive perspective, to purchase a gift rather than giving cash implies that at least some priced goods do not symbolize commodities—or, at least, do not symbolize the exemplar commodity, money.⁵⁵ Indeed, research by economic sociologists has shown that even money need not symbolize a commodity, and hence that one priced good that might retain its higher resonance is, potentially, the exemplar commodity itself. Even money can communicate a recognition and appreciation of “pricelessness,” in other words, provided it is accompanied with the right words and practices, and described in the right terms.⁵⁶

The other pertinent point about relying on a norm linking price with the commodity form is that culture is subject to change. Even were it true, then, that priced goods were culturally deemed commodities as things stand, we could not take it for granted that permitting trade in a greater range of goods would result in a concomitant expansion of the category of goods that symbolize commodities. Suppose, plausibly, that the reason there were a cultural norm linking price and the commodity form is that there was in fact a relatively close association between the two in the past (notable cases like the slave trade notwithstanding), and hence that employing a price heuristic to identify commodities had a more or less rational basis. Then expanding the scope of permissible exchange would presumably undermine this association, and one would expect the cultural norm to eventually readjust and recognize that priced goods need not be commodities.

For our purposes, though, a far more relevant concern is that it is not obvious why contamination of meaning, should it occur, would dampen gifting. Clearly, the fact that a good can no longer mirror and thus communicate an appreciation of “pricelessness” will not affect the giver who is motivated by the recipient’s needs, or even to convey other-regard, as contamination of meaning does not prevent the giver from benefiting the recipient, nor from bearing a sacrifice in

55. Mack, “Dominos” (see note 52 above); Sandel, *What Money Can’t Buy*, 98–101 (see note 28 above).

56. Vivian Zelizer, *The Social Meaning of Money: Pin Money, Paychecks, Poor Relief and Other Currencies* (Princeton, N.J.: Princeton University Press, 1997), 71–118; Vivian Zelizer, “The Social Meaning of Money: ‘Special Monies,’” *American Journal of Sociology* 95 (1989): 342–77.

doing so. In other words, the donor who gives blood on the basis of need, or to show that they care, is not going to be deterred by its symbolic commodification. Even were we to assume that contamination of meaning somehow diminished the potential of a good to convey other-regard, it would not be clear why we should fear for gifting. After all, a gift-giver, concerned to express other-regard but worried that symbolic commodification raised a suspicion of *quid pro quo*, might give *more* of the relevant good rather than less, to downplay that suspicion by magnifying sacrifice. At the very least, they might gift a different good, or find some other way to express their appreciation of the “pricelessness” of the recipient or of the relationship. In sum, even if we presume that permitting trade in a good would contaminate its meaning, we cannot presume that gifting will decline.

Psychological Crowding-Out: Over-Justification

A second argument in support of the claim that, once permitted, trade will tend to crowd out gifting, an argument that is often conflated with the first, emphasizes psychology rather than culture. This argument draws on an experimental literature demonstrating that, at least under certain circumstances, providing a reciprocal benefit—like a monetary payment—can actually diminish a good’s provision.⁵⁷ The psychological explanation for this phenomenon comes under a variety of labels (including, confusingly, “crowding-out”), but I restrict myself to “over-justification.” As with the cultural argument, my first purpose here is to clarify the over-justification argument. However, I also think that this argument is open to criticisms that again give us reason to expand our typology. Most importantly, the domain of the over-justification literature is somewhat different from that of the crowding-out thesis: *paying for a good* is distinct from *allowing offers of payment*.

We standardly assume that people respond positively to external incentives and that motives are additive. Thus, if someone is already inclined to give blood, paying them to do so could only magnify their provision. However, numerous laboratory and field experiments have shown that introducing external incentives can sometimes have the opposite effect. Thus, paying can *reduce* provision, while

57. Deci, “Effects of Externally Mediated Rewards on Intrinsic Motivation (see note 10 above); Deci and Ryan, *Intrinsic Motivation* (see note 10 above); Bruno Frey, *Not Just For the Money: An Economic Theory of Personal Motivation* (Cheltenham, U.K.: Edward Elgar, 1997); Uri Gneezy, Stephan Meier and Pedro Rey-Biel, “When and Why Incentives (Don’t) Work to Modify Behavior,” *Journal of Economic Perspectives* 25 (2011): 191–210; Lepper and Greene, *The Hidden Cost of Reward* (see note 10 above).

charging can *increase* provision. The standard explanation of this effect is that motives—drivers of behavior broadly conceived—are not additive: extrinsic motives can supplant, in whole or in part, intrinsic motives. Thus, the blood donor who is motivated to give without any financial incentive (and is, in that sense, intrinsically motivated) becomes less inclined to give on that basis by the introduction of a price and more inclined to give, if at all, with an eye to the return. This does not necessarily imply that the donor will provide less blood, but it is a distinct possibility.⁵⁸ Another way of putting this is that the relative price effect, according to which payments are incentives, is only positive all things being equal, but the introduction of an explicit price is not reducible to the corresponding change in implicit price (from a shadow value of \$0). As such, the *ceteris paribus* condition is violated, and an inverse impact on behavior is possible.

In the literature on the market's scope, empirical evidence of over-justification is usually used in connection to the contamination of meaning argument. Take Michael Sandel's appeals to Uri Gneezy and Aldo Rustichini's well-known study of Israeli childcare centers:⁵⁹ In this study, the authors asked a selection of childcare centers to introduce a charge for late pick-ups at the end of the day. Contravening the "deterrence hypothesis," the centers that introduced a charge saw an uptick in late pick-ups rather than a downturn. In an attempt to preserve the relative price effect, Gneezy and Rustichini postulated that the advent of a charge must have corrected a misperception on the part of parents, and thereby corresponded to a fall in price. In other words, the charge that was leveled must have been less than what parents previously believed would befall them if they arrived late. (Perhaps they had feared the dis-enrollment of their children?) Sandel, however, puts a symbolic spin on the result, using it to illustrate the claim that markets "taint the goods they regulate."⁶⁰

Appealing to this or any similar study cannot, however, validate the connection between commodification and diminished provision, because the inverse impact of pricing is consistent with other explanations, too. Indeed, seen in this light, the real contribution of the over-justification literature is in supplementing the appeal to contamination of meaning with psychological explanations. There may be a way, however awkward, of trying to explicate the effect found in Gneezy and Rustichini's study in terms of contamination of meaning. Perhaps parents wished

58. Gneezy and Rustichini, "Pay Enough" (see note 27 above).

59. Uri Gneezy and Aldo Rustichini, "A Fine is a Price," *Journal of Legal Studies* 29 (2000): 1–17.

60. Sandel, "Market Reasoning," 128 (see note 28 above).

to convey their appreciation of the “pricelessness” of childcare services, but that charging for late pick-ups denied them the option to do so by newly symbolizing on-time arrival as a “commodity.” Social psychologists, though, have postulated other explanations for the inverse impact of pricing, and it is to these explanations that “over-justification” refers. The most prominent, which draws from self-determination theory, depends on a drive to be or appear autonomous. In the event that an external incentive is experienced as an attempt to control, it will tend to be resisted, and thereby supplant, whether in whole or part, the prior reason to give. Other explanations appeal to framing and self-esteem: the advent of an external incentive can trigger a self-interested decision-frame through subconscious priming, or undermine the proclivity to act in general by expressing a lack of faith.⁶¹

What should we make of over-justification as a reason to fear crowding out? Scholars who are skeptical of circumscribing the market have emphasized the limited scope of over-justification. While numerous studies have demonstrated that an external incentive can inversely impact provision, others have shown that this effect can be mitigated or nullified without eliminating external incentives as such. Promising to pay a third party rather than the provider, to pay in a non-monetary metric rather than cash, and to explicitly characterize the benefit as a “reward” rather than a take-it-or-leave-it “payment” or an unconditional “entitlement,” for instance, have all been shown to impede the decline in provision.⁶²

Of more relevance for our purposes, however, is that the domain of the over-justification literature is distinct from that of the crowding-out thesis. To pay for a good—the focus of the former—is distinct from being *permitted* to pay. Further, to be permitted to pay is distinct from being permitted to *offer* payment, and to be so permitted, too, while also being allowed to solicit and accept gifts. For example, to allow blood banks to make offers of payment does not, clearly, compel them to pay providers. Indeed, if they are cognizant of the danger to net supply posed by the over-justification effect, they may well be reticent to do so. Nor are they compelled to pay in all cases provided they pay in some. Thus, the donor who is motivated to preserve or express their autonomy can still do so, presumably, by responding to appeals for gifts or by giving proactively. It is not at all clear, either, that offers of payment that are not personally directed, and hence

61. Bruno Frey, “Crowding Out and Crowding In of Intrinsic Preferences,” in *Reflexive Governance for Global Public Goods*, ed. Eric Brousseau, Tom Dedeurwaerdere, and Bernd Siebenhüner (Cambridge, Mass.: MIT Press, 2012), 76; and Jaworski, *Markets Without Limits*, 106–07 (see note 8 above).

62. Brennan and Jaworski, *Markets Without Limits*, 108–10 (see note 8 above).

can and do coexist with appeals for donors—or simply a willingness to accept donations—are likely to trigger self-interest or undermine self-esteem. In sum, then, while the over-justification literature is relevant to the issue of market boundaries, it does not appear to provide direct support for the claim that, once trade in a good is permitted, gifting will tend to decline.

Institutional Crowding Out: The Division of Moral Labor

I don't wish to deny that we must consider the cultural and psychological arguments when charged with deciding whether to permit trade. Nevertheless, there seem to be limits on the applicability of these arguments that belie the general plausibility of the crowding-out thesis. In this final section, then, I want to articulate an argument in support of this thesis that appeals neither to cultural symbolism nor to a peculiar psychology, but rather to an assumed division of moral labor between gifting and the invisible hand. Although each of us is almost always better placed to assist others *unilaterally* by gifting, at least some of us would have to eschew opportunities to do so at least some of the time, instead conditioning our giving on a return, for us to best satisfy needs *together*. After all, without a sphere of *quid pro quo*, there would be no competition and no prices, and both are instrumental in overcoming informational problems that confront efforts to meet needs. There is a danger, then, that when trade in a good is permitted, people infer that they now *ought* to make its giving expressly conditional so as not to undermine this joint effort.⁶³

The phrase “division of moral labor” is often invoked when seeking to justify a space for permissions given the pressing demands of the collective good. The most familiar arguments are an ideal one for moral permissions and a non-ideal one for legal permissions. According to the first, freedom is itself part of the ideal towards which we aspire, and, as such, individuals cannot be unduly burdened by obligations.⁶⁴ On the second, the frailties of human nature dictate that legal demands be laxer than moral demands.⁶⁵ Arguably, Rawls's theory of justice combines both arguments. The basic liberty that is freedom of occupational choice demands that

63. For the counter-intuitive notion that one might sometimes be obliged to condition one's giving on a return, see Christopher McMahon, “Morality and the Invisible Hand,” *Philosophy and Public Affairs* 10 (1981): 252–53.

64. Samuel Scheffler, “The Division of Moral Labour,” *Proceedings of the Aristotelian Society* 79 (2005): 229–53.

65. John Rawls, “Justice as Fairness,” *Philosophical Review* 67 (1958): 164–96, at 173.

individuals not be required to work in this or that role, or for this or that length of time, without their explicit consent. And given that even the most virtuous person conceivable would be progressively less willing to work to the extent they were required to share their pay with others, maximizing the collective good requires that, after some point, they are not legally bound to do so.⁶⁶

The division of moral labor that concerns us here, though, refers not to an attempt to strike the right balance with permissions by *downplaying* the collective good, but rather by *stressing* it. Even if human nature were spotless, it would not do for laws to be overly restrictive, as sometimes the unilateral action of many agents is better able to promote the good that is the joint action that adherence to law-like demands makes possible. Of course, the flipside is that laws cannot be too lax, for fear of eliciting a collective action problem. We are so used to thinking of such problems as being a function of selfishness that it is often forgotten that they also confront the altruistic.⁶⁷ For illustration, if each individual were disposed to use their resources in whatever way would best satisfy the needs of others, scarcely anyone would be willing to pay their taxes, as it is rarely the case that any one person's contribution is sufficient to have an impact on government efficacy, while opportunities for effective altruism abound. Yet, at some point, the government is in a better position to judge who is in need, how best to satisfy those needs, and who is already poised to receive assistance—as well to take advantage of economies of scale. As such, even assisting others prescribes, in the right circumstances, that individuals resist opportunities to gift in order to generate funds for joint efforts.

In this case, the collective action side of the division of moral labor implicates the state. However, the state is not the only institution in a position to promote need satisfaction. So is the invisible hand. The market is standardly seen as the antithesis of joint action, not merely because we tend to assume that people are selfish—and hence don't intend to benefit others by declining to give unconditionally, nor restrain themselves in doing so⁶⁸—but because we tend to think of the benefits of the market as merely an aggregation of gains that individuals are in

66. Michael Titelbaum, "What Would a Rawlsian Ethos of Justice Look Like?," *Philosophy & Public Affairs* 36 (2008): 289–322.

67. John Tilley, "Altruism and the Prisoner's Dilemma," *Australasian Journal of Philosophy* 69 (1991): 264–87.

68. John Searle, "Collection Intentions and Actions," in *Intentions in Communication*, ed. Philip Cohen, Jerry Morgan and Martha Pollack (Cambridge, Mass.: Bradford Books, MIT Press, 1990), 401–15.

a position to secure without coordination.⁶⁹ Yet regardless of whether the language of joint action is applicable, when multiple agents condition their giving simultaneously, they produce benefits over and above the benefits of discrete transactions. By bringing about competition and generating prices—the two faces of the invisible hand—they combat informational problems that confront any effort to satisfy needs, even those that countenance gifting.⁷⁰

In an economy organized exclusively around gifting, there would always be the danger that individuals would misstate their needs. The usual argument is that, because humans are selfish, everyone has an incentive to say, “I value this particular good more than anyone.” Yet, once acted upon, this incentive makes it impossible to determine what mixture of goods to produce, and to whom to provide them. The virtue of competition, then, is that it furthers allocative and distributive efficiency by inducing people to “put their money where their mouth is.”⁷¹ Yet competition would be useful even were agents other-regarding, namely to provide assurance that bids could be trusted. Without the calibration of the marketplace, in other words, it is difficult to be sure if bidders are acting in good faith, and, even if they are, are employing the same scale. Competition is even instrumental to productive efficiency. “From each according to his abilities” is impotent unless we can determine how our talents compare, and how would we do this without a competitive selection process?

Besides competition, the other dimension to the invisible hand is pricing. When devotees of the market talk of the virtues of the price mechanism, they are usually referring to the capacity of changes in price to readjust competitive pressures by conveying new information. Thus, when a natural disaster impacts the supply of some resource, there isn’t merely an incentive for immediate users to economize on its use and search for substitutes—an incentive that, were agents other-regarding, might not be necessary. Rather, via price signals, incentives ripple out through the economy, promoting efficiency even where agents are unaware of the original disaster. Not only immediate users, but also their trade partners, their trade part-

69. Emma Tieffenbach, “Invisible-Hand Explanations: From Blindness to Lack of We-ness,” *Social Science Information* 52 (2013): 450–70.

70. See section 2 of John Roemer, “Jerry Cohen’s ‘Why Not Socialism?’ Some Thoughts,” *Journal of Ethics* 14 (2010): 255–62.

71. Joseph Heath, *Morality, Competition, and the Firm: The Market Failures Approach to Business Ethics* (New York: Oxford University Press, 2014), 222. This argument has its origins in von Mises’s 1920 paper, “Economic Calculation in the Socialist Commonwealth,” which initiated the socialist calculation debate. See Ludwig von Mises, *Socialism: An Economic and Sociological Analysis* (Indianapolis, Ind.: Liberty Fund, 1981).

ner's trade partners, and so on and so forth, *all* come to acquire the relevant incentives. Sometimes, these signals might appear perverse. Imagine a case where the suppliers of a natural resource represent the worst-off in society, and the potential for *ex post* redistribution is limited, such that acting on the ensuing signals would make them worse off still. Nevertheless, even in these cases the fact that there are prices *at all* is useful. If our natural resource did not have a price, nor did any good its suppliers were disposed to purchase, how would we determine that they were in need? In the absence of prices, to put it succinctly, it is just as difficult to "gift low, receive high" as it is to "buy low, sell high."

Given the advantages of the invisible hand, it is clear that there are reasons for other-regarding agents to at least sometimes eschew opportunities to better benefit others by gifting, instead conditioning their giving on a return. However, as these are collective reasons—in other words, they are reasons for multiple agents to forgo such opportunities to some extent and on some occasions, provided that others do likewise—individuals face a dilemma: just when should they consider themselves constrained to demand a return? On the argument for the crowding-out thesis that concerns us here, the worry is that permitting trade in a good sends a signal that individuals ought to condition its giving on a return in order to play their part in facilitating the invisible hand. It sends a signal that the good has been reallocated from the sphere of unilateral action to the sphere of joint action through the market.

This argument could certainly use further scrutiny. For one thing, why suppose that whether trade in a good is permitted determines the contexts in which individuals consider it appropriate to make their giving expressly conditional on a return? However, it has two virtues that are worth mentioning. First, it enables us to clarify an influential argument of Elizabeth Anderson's. Commenting on a study conducted by Bruno Frey and Felix Oberholzer-Gee, in which residents of a Swiss town were found *less* willing to accept a nuclear waste facility once promised payment,⁷² Anderson rejects the authors' appeal to over-justification. Instead, she claims that promising to pay the townspeople "changed the practical identity they assumed in contemplating the waste facility . . . asking each of them to frame their practical dilemma as 'how much is it worth *me* (or we townspeople) to keep my town waste-free,' rather than 'what principle for situating the facility should *we* accept, given that we (Swiss citizens, considered collectively) must

72. Bruno Frey and Felix Oberholzer-Gee, "The Cost of Price Incentives: An Empirical Analysis of Motivation Crowding-Out," *American Economic Review* 87 (1997): 746–55.

process the waste somewhere?’⁷³ Yet this way of expressing things leaves open the possibility that the shift was due to subconscious priming, and hence over-justification after all. It also implies that conditioning giving on a return and acting in one’s capacity as a citizen are mutually exclusive.

Viewed from the perspective of an assumed division of a labor involving the invisible hand, however, it is possible that the townsfolk thought that they ought to reason from self-interest in order to play their part in overcoming informational barriers to realizing the principle that governs the facility’s placement. Presumably, what this principle dictates depends in part on how comparatively burdensome it would be to locate the facility here rather than there. Yet it would have been difficult to answer this question if residents of alternative locales had been unprepared to withhold their assent to having the facility located in their area unless they were offered what they consider a genuine return. Something similar might be said about Titmuss’s case. Perhaps once trade in blood is permitted it tends to supplant donation, not because blood thereby symbolizes a commodity, nor because of some subtle psychological process, but rather because individuals infer that they ought to condition provision on a return to help ensure that blood flows from those for whom it would be least burdensome, something that it is difficult to know *ex ante*.

The other virtue of this institutional argument is that it is an argument for crowding out proper. The arguments from contamination of meaning and over-justification supply reasons to think that once trade in a good is permitted, gifting will tend to decline. They do not offer reasons to suppose that trade will *supplant* gifting: that is, that gifting will decline because the space it formerly occupied is colonized by trade. In the history of social thought, this has always been the central concern. Yet, to date, the market boundaries literature has failed to offer an argument that might vindicate it. The argument from an assumed division of moral labor between gifting and invisible hand addresses this shortcoming.

Conclusion

Prior to the work of Richard Titmuss, thinkers skeptical of permitting the market to expand beyond its traditional preserve, from Marx onwards, had to rely on arguments against a social order in which the market wholly subverts other social and political institutions. With the publication of *The Gift Relationship*, however,

73. Elizabeth Anderson, “Beyond *Homo Economicus*: New Developments in Theories of Social Norms,” *Philosophy & Public Affairs* 29 (2000): 170–200, at 197.

they were furnished with a riposte that, while remaining in the spirit of these older arguments, could be directed even against incremental changes in policy. Through a comparison of national systems of blood procurement, Titmuss furnished support for the view that permitting trade in a good tends to crowd out gifting.

The thesis that Titmuss's work inspired has had enormous influence. However, it has been subject to insufficient scrutiny, both normative and social-theoretical. Normatively, scholars have paid insufficient attention to the question of why we should care if gifting declines provided that needs are met via sales. More significantly, they have failed to clearly elucidate why permitting trade should be expected to have this effect. After all, allowing trade in a good does not entail barring its gift. What causal mechanism could be operative? In this paper, I addressed both issues with an emphasis on the second, social-theoretical one. In response to the first, I argued that gifting carries an expressive value over and above its value in satisfying needs. By expressing other-regard, gifting offers affirmation of self-worth and tends to dispel the mutual suspicions and lack of solidarity—that is, lack of “we-ness”—that fuel collective action dilemmas. In response to the second, I developed a typology, clearly distinguishing between cultural and psychological arguments that are usually conflated, and offering an original, institutional one, which depends on an assumed division of moral labor between gifting and the invisible hand.

When policy makers are charged with determining whether to permit yet another expansion of the market sphere, therefore, they have good reason to move beyond the distributive frame, as distributive concerns need not be the only relevant considerations. Given that there are a range of different arguments in the support of the view that permitting trade tends to dampen gifting, they would do well to consider whether one or another of these arguments is operative in their case, as well as to weigh the goods that gifting serves, in particular in sustaining a social ecology of cooperation.

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