

Loving Strangers Through Work and Exchange



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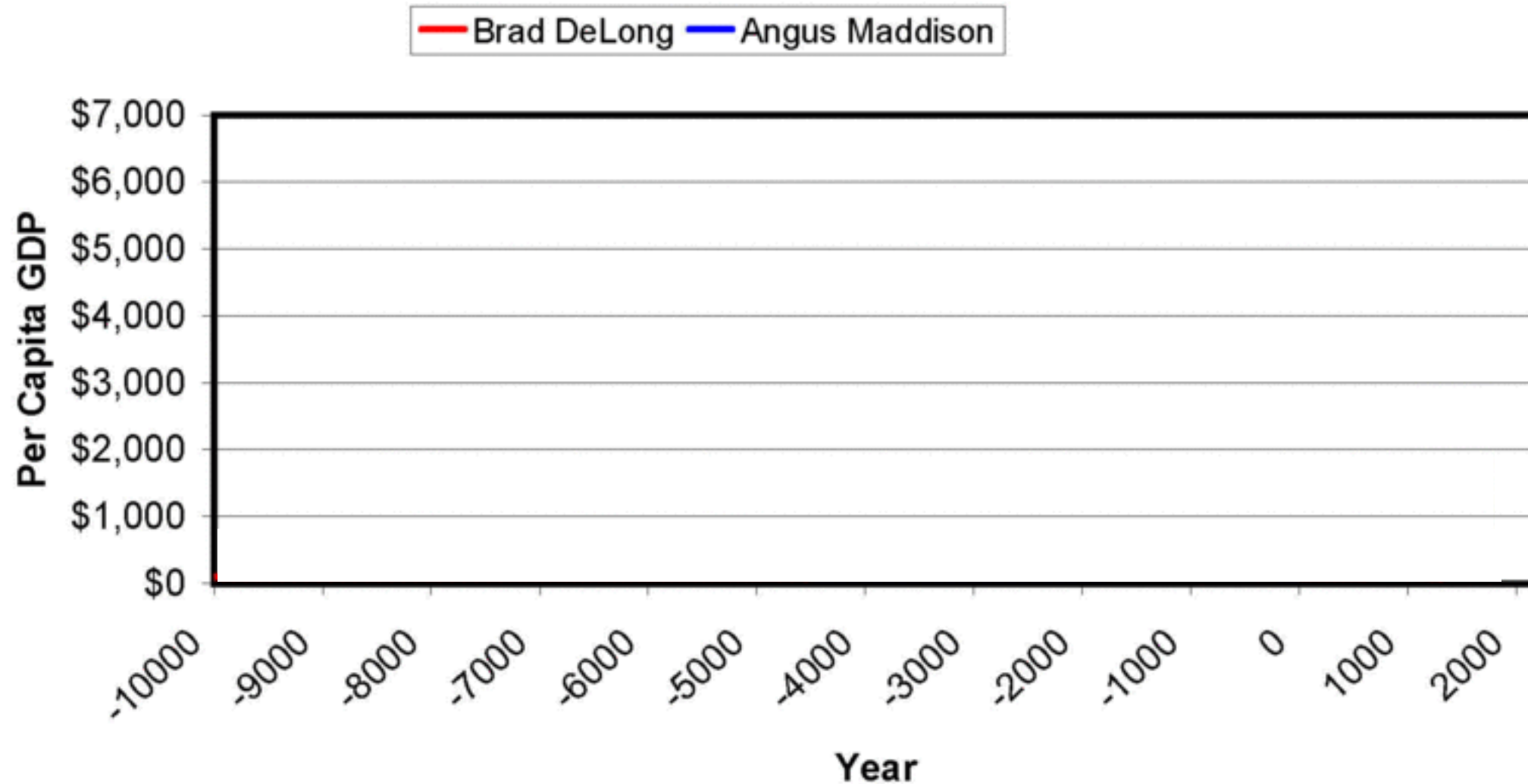
Tom Nelson

- ❖ Neighborly love means seeking the best for the other person, maintaining their dignity, at the cost of our own personal comfort.
- ❖ Need to move from Faith and Work to Faith, Work, and Economics.
- ❖ Compassion needs to be combined with capacity.

❖ What happens to the character of the people who participate in the modern, entrepreneurial economy?

World Per Capita GDP

10000 BCE - 2003 CE (1990 International Dollars)



Source: J. Bradford DeLong, "Estimating World GDP, One Million B.C. - Present" http://www.j-bradford-delong.net/TCEH/1998_Draft/World_GDP/Estimating_World_GDP.html. Accessed Mar 5, 2008; Angus Maddison, "Contours of the World Economy, 1-2030 AD: Essays in Macro-Economic History." New York: Oxford University Press, 2007. 382.

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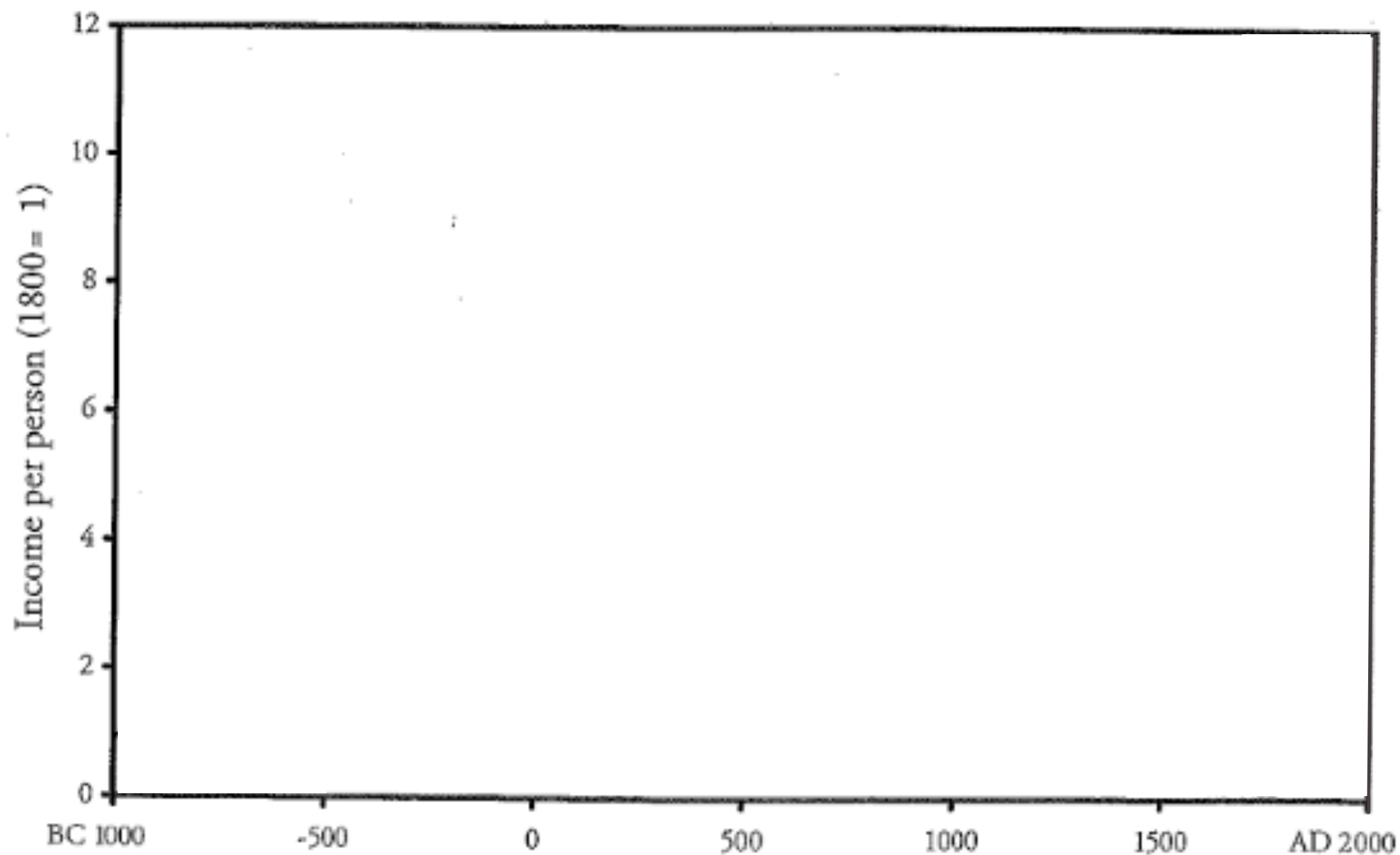
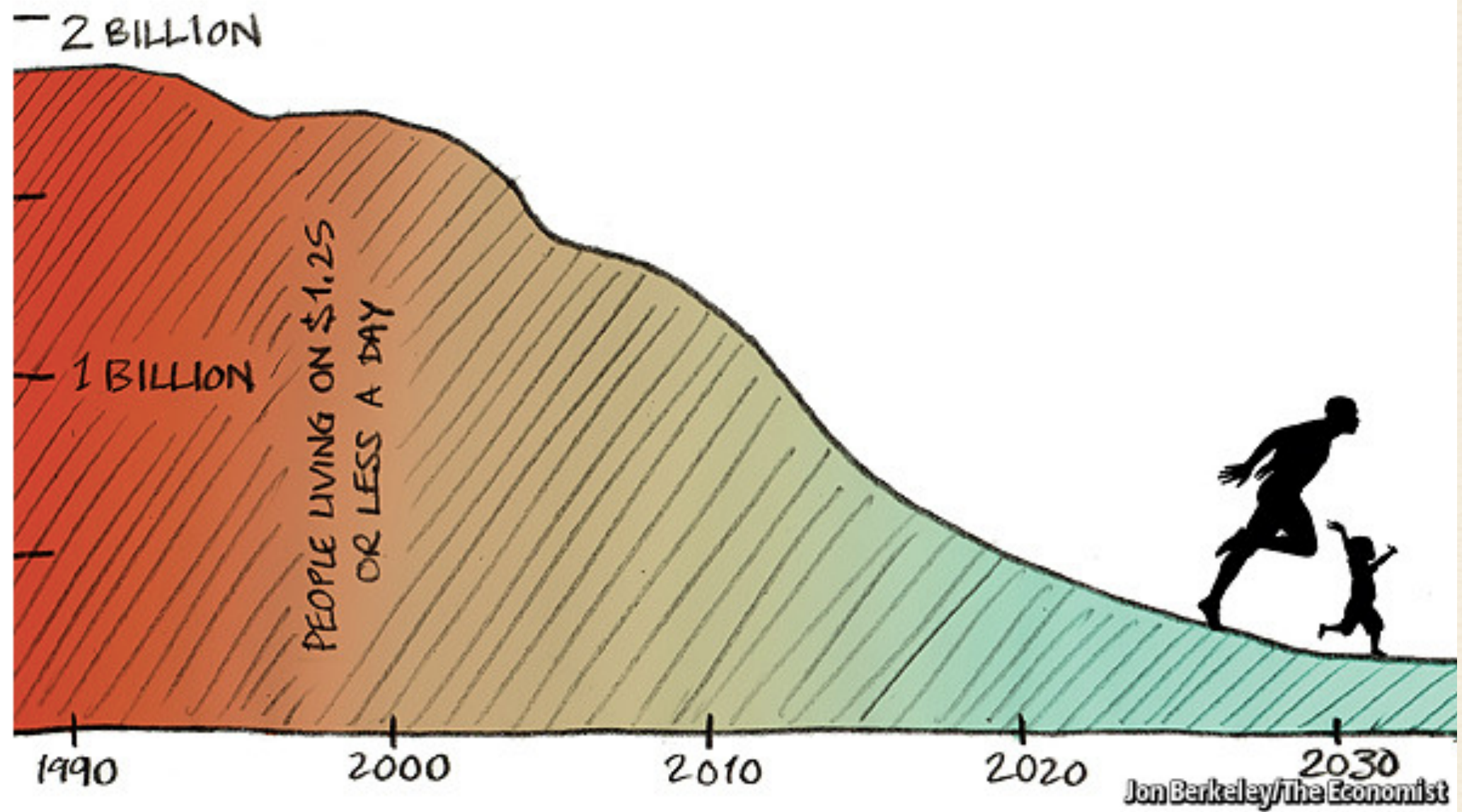


Figure 1.1 World economic history in one picture. Incomes rose sharply in many countries after 1800



The modern, entrepreneurial economy

- ❖ Mutual collaboration, but of a quite different type
 - ❖ Massive specialization
 - ❖ Exchange is impersonal
 - ❖ Much of the information necessary for coordination is communicated through prices — the unseen agent

The teleology of the entrepreneurial economy

- ❖ Expanded opportunities to serve and be served
- ❖ Enables us to develop economic capacity to complement our compassion

But what does participation in the entrepreneurial economy do to our character?

- ❖ For many Christian thinkers, participation is problematic. Should we give moral sanction to impersonal work and exchange?
- ❖ Market production and exchange drives out the intrinsic value of economic activities.

The Ultimatum Game

- ❖ There is a fixed sum of money available to two participants (\$10).
- ❖ There is a **proposer** who makes an offer to the **respondent**. The offer tells the **respondent** how the **proposer** suggests the money be split.
- ❖ The **respondent** can decide to accept the offer, in which case the money is split according to the terms offered by the **proposer**. However, the **respondent** can reject the offer, in which case neither the **proposer** nor the **respondent** gets anything.

The Results

- ❖ Played with university students from Pittsburgh, Ljubljana (Slovenia), Jerusalem, Tokyo, and Yogyakarta (Java, Indonesia)
 - ❖ No difference in results (average offer - 44%, average rejected offer 20%)
 - ❖ Played with 15 small-scale, non-modern societies. In the sample were three foraging societies, six that practice slash-and-burn horticulture, four nomadic herding groups, and two sedentary, small-scale agricultural societies.

Non-modern societies

- ❖ Offers varied across societies from 26% to 58% - much greater than with university students.
- ❖ Rejection rates also varied. Rejections of low offers (below 20%) are extremely rare in some groups, while in others high offers (in the 50% range) are rejected.

What explains the difference across groups?

- ❖ Non-explainers: sex, age, relative wealth, village population size, or the experience of experimenter with the group.
- ❖ Explainers:
 - ❖ Amount of cooperative activity in production.
 - ❖ Market integration - how much do people rely on market exchange in their lives?

The *telos* of markets

- ❖ Is a person's authenticity and dignity compromised by entering into exchange relationships?
- ❖ Can markets have their own form of intrinsic value? Does mutual collaboration deform, or form our character, our virtues?

The *telos* of market production and exchange

- ❖ Markets have a purpose beyond production of goods and services.
- ❖ Participants can learn and integrate into their lives the principle of *mutual benefit*.

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- ❖ Not a theory of altruism, non-selfish behavior.
 - ❖ A distinctive moral attitude towards market relationships - an attitude characterized by reciprocity.

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- ❖ This is reciprocity among people who don't know each other. Loving strangers.
 - ❖ Participants intend to benefit others.
 - ❖ Trust is an important part of the process. Participants must reward trustworthiness and punish those who violate trust.

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- ❖ If the *telos* of the market is mutual benefit, it is a virtue to be entrepreneurial in seeking out mutual benefit.
 - ❖ Respect for the moral worth of others is expressed through market production and exchange.
 - ❖ Introducing the marginalized and oppressed to the world of work and exchange is enabling them to develop respect for themselves and respect for others.

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- ❖ Loving strangers through work and exchange is not the only domain of importance.
 - ❖ Seeing work and exchange as an important arena for the development of virtue doesn't rule out redistribution.


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❖ We are loving strangers through work and exchange.