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Economics, Ethics, Commodities, Alienation and the Market: Reflections on Issues Raised by Titmuss*

Guglielmo Chiodi¹ and Peter Edwards²

ABSTRACT

*The aims of this paper centre on the questions that arise for economics, and especially for the dominant market-centred view, by considering the numerous issues – ignored largely by economists – discussed in Richard Titmuss's *The Gift Relationship* (TGR). (Section I).*

*Secondly, the significance of Richard Titmuss's ground-breaking but scantily considered work of 1970 is re-examined in relation to prevailing conceptions of the market and its mechanisms. Occasioned by its recent reprinting, his most well-known work on 'human blood' has received partial and belated attention in issue 3 of the *European Journal of Political Economy*, 2004. Titmuss succeeded in demonstrating not only that the market, as an institution, does not fully accomplish its work of conveying all the relevant information needed to bring about the most efficient outcomes for agents, but more importantly, it actually prevents such outcomes from being realized. Thus, even on the most exclusive of conceptions of economic interest, in certain cases, the market shows itself to be self-defeating. (Section II).*

*Thirdly, The paper relates some of the historical developments whereby moral and ethical considerations have been ousted from economic theorizing since the foundational works of Adam Smith. For, in general, both in content and form, 'isolationist' economic models have become increasingly technically sophisticated just as premises or implications of an ethical, social or political character have been either completely ignored or treated as wholly extraneous to these self-sufficient models. Expressions of concern about this state of affairs can be found in the collection of essays edited by Amartya Sen and Bernard Williams entitled *Utilitarianism and Beyond* [1982] and reprinted [1996], or in Daniel M. Hausman and Michael S. McPherson's *Economic Analysis and Moral Philosophy* [1996], especially the Appendix. (Section III).*

Fourthly, the upshot of Titmuss's contention that important features of an economy work more efficiently when motivations other than individual self-interest are considered, is that the model of an economy needs to take account of the history and values in which it is embedded. In the light of this, some observations about the different circumstances in which altruism and self-interest are likely to occur are aired. (Section IV).

Fifthly, before extending discussion of Titmuss's analysis to the wage and its ethical ramifications, the paper recalls how the wage is treated in post-classical (or neoclassical) economic theory. According to this theory, labour must be treated just like any other commodity and, as such, must be subjected to the same market rule: it must be evaluated according to the relative 'scarcity' of labour. (Section V).

* Revised version of the paper presented at the European Society for the History of Economic Thought, Stirling, 9-12 June 2005.

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Sixthly, Titmuss's analysis of TGR can also be suggestive when applied and extended to other parts of economic theory. In this section an analogy is proffered between 'blood' and the 'services of labour' or, more simply, 'labour' (labour power). These contentions are in sharp contrast with the virtues attributed to the market by the majority of today's economists. (Section VI).

Seventhly, remarking on the Smithian division of 'necessaries' into those which are 'absolute' and those capable of satisfying the 'customary requirements for decency (CRDs)', and his insistence that wage-levels not fall below the material costs of avoiding indecency, we ask what the motivation for this insistence was and what sort of force - if any - that insistence might be thought to possess today. (Section VII).

Finally, the paper concludes with the question of why so many economists have been satisfied with an economics whose central institution - the market - fails in its primary purpose of bringing about with maximum efficiency the exchange of goods. Moreover, it asks why an analysis of the considerations that account for the market's failures are not themselves regarded as worthy of further investigation within the discipline which is widely regarded as the premier social science. (Section VIII).

«Economics» – as John Hicks wrote in the middle 1970s – «is more like art or philosophy than science, in the use that it can make of its own history» [Hicks, 1976: 4]. The wit being perhaps in the word 'can', Hicks's aphorism pretends merely to tell us something; in fact, he invites us to reflect, and carefully. We are called to a viewing, and asked to entertain a view.

I. ECONOMICS AND ITS OPPORTUNITY COSTS

What we are being asked to behold is not that economics, art and philosophy always do, must or even should make use of their own histories. Neither is Hicks suggesting that economics can make use of its own history in ways that art or philosophy make use of theirs. Nor is he denying that science can make use of its own history. Rather, he is suggesting that that use will be significantly different from what is possible within art or philosophy or economics. Hicks is saying that «making use of its own history» is something that economics can do, and that in possessing this capability, it more closely resembles art or philosophy than it does science³.

³ The present authors have a paper in preparation addressing such comparisons and contrasts. It should be added perhaps that Hicks is employing 'use' with a commonsense understanding of that term to mean 'beneficial' or 'profitable' – however much it may be that in certain professional or technical discussions the criteria are

The history, and especially the world history of economics, displays an openness to questions other than the mainstays to which currently dominant models and theories are considered the best available professional responses or answers⁴. This is hardly surprising. Among other things, a humane discipline and the learning upon which it is based is a repository of wide-ranging values, ideals, recorded experience, puzzles, and sources of inspiration. The latter, together with novel demands which the wider world presses upon it willy-nilly, can stimulate questions reflection upon which may encourage approaches foreign to a discipline's current interests. These may offer guidance in the face of a present in which the shortcomings, though perhaps elusive or long-reconciled to, need to be addressed. Moreover, reflection on the history of a discipline will reveal how porous are the barriers between it and what at any particular time has up till then lain outside it. We shall return in our concluding remarks to these - what we consider - fundamental issues of economics [see section VIII].

The entertaining of once-opportune trajectories or speculating on counterfactual episodes within the history of a discipline may further such aims⁵. 'Reconstruction' however, so important to the intellectual historian, is not always what is most needed. Another, for many purposes more important sense of the past's informing the present, is our noticing of *equivalences*⁶. In this, art and literature will be of most use to economics. For to acquire such a facility, it is inadequate merely to enter into, say, a writer's world by becoming better informed as to how she saw it. That is the valuable reward of reconstruction. For, if we fail to cultivate, «the ability to notice the people and the institutions of our own time on which her eye would have rested and her judgement been passed»⁷, as the critic D.W. Harding said of Jane Austen's, then the opportunity

broader. In such circles, a person might describe an object as a particularly useful instrument of torture.

⁴ The authors would like to express their thanks to Bertram Schefold for providing them with a copy of his recent paper, a guided introduction to the history of economics – as opposed to economic history – in China and Japan, see Schefold, 2005. See also, Elvin, 1973.

⁵ For the wider issue of counterfactuals in history, see Hawthorn, 1991.

⁶ Something that can extend from certain 'types of character' to 'historical sequences' in the history of ideas, and to much else. See MacIntyre, 1967: 93-94.

⁷ The example given by Harding is that of mistakenly thinking that by failing to find current examples among landed baronets of Jane Austen's Sir Walter Elliot, as he is

to acquire a sensibility of immeasurably greater importance will have been passed over. This latter sense of the past's informing of the present applies not only to social or literary perceptions, but equally to concepts, models and broader aspects of economic theory construction, as Hicks was surely suggesting.

The question of which lost opportunities or half-forgotten insights and attitudes merit investigation, and how they could be fruitfully pursued in the present is an open one. Our choices are presented below, and we return in more details to those foregone opportunities shortly thereafter [in section VI].

Among the many lost opportunities which economics has had to enrich or modify its body of theories, we may include the extraordinary work undertaken by Richard Titmuss in the field of social theory and policy and culminating with his last book *The Gift Relationship* (TGR), published in 1970 [Titmuss, 1970]⁸. Among earlier sources of inspiration that lie veiled in the annals of political economy is the ethical curiosity of Adam Smith in relation to the subsistence wage and the economic and political components of shame-avoidance. Though Smith's ethical curiosity has received respectful comment, especially in regard to the determination of wage-levels and in conceptualizing the *standard of living*, it has not been explored sufficiently and its political implications have remained to some extent dormant [Hawthorn, 1987: X-XI; Sen, 1987: 16-17].

In the mid-1960s and '70s, debates among economists were focused chiefly on topics such as 'capital theory controversies' and 'the Phillips curve policy implications'. As is well known, in the former, standard economic theory was taken to task by the 'neo-Ricardians' (to use Frank Hahn's epithet [1982]) who, following and developing a number of suggestions in Sraffa's 1960 *Production of*

«prepared», on his departure from Kellynch Hall, «with condescending bows for all the afflicted tenantry and cottagers who might have had a hint to shew themselves», that the attitudes and sensibilities of Austen's world are remote from ours. Aptly, Harding relates a story Lord Woolton told of Gordon Selfridge (founder of the well-known shop in Oxford Street, London), «whose room at the store was always filled with flowers on his birthday, contributed, as he said, by "those dear little girls" – meaning the sales assistants and clerks: "When, one day, I remarked on his good fortune, he asked whether my staff in Lewis's paid such testimony to me, and when I replied, "never even a daisy", this naïve character replied, "You ought to give them a hint"» [Harding, 1985].

⁸ A review of all Titmuss's works can be found in Reisman, 2004. See also the comments on Reisman's paper by Fontaine, 2004; Tomlinson, 2004, and Alcock, 2004.

Commodities by Means of Commodities (PCMC), proposed alternative economic models⁹. These were habitually ignored in mainstream economic literature. In contrast, the latter topic was characterized by a process of revision and generalization of some of the basic ‘monetarist’ propositions and prescriptions ‘from within’ its own theoretical apparatus, the effects of the Keynesian ‘revolution’ being rendered virtually extinct.

The intensity of the above debates among professional economists and their wide-ranging nature during those years must surely bear some responsibility for the fact that economists paid scant attention to Titmuss’s *The Gift Relationship*, his contribution to that debate. Nonetheless, the problems put to the fore in this work, as we shall see in the sequel, are of such importance to economic theory that additional factors are required to explain such negligence¹⁰.

II. TITMUSS AND THE NON-GENERAL VALIDITY OF THE MARKET

The central issue of Titmuss’s TGR consists of a comparative analysis of the human blood ‘donation’ and transfusion services in countries where the *conditions governing the demand for and supply* of that good are different in certain crucial respects. More specifically, Titmuss’s study compares countries in which human blood is *sold* - like any other commodity - in the marketplace (as in the United States) or *bartered* for (in the Soviet Union donors demanded as much as half a month’s pay for one session)¹¹, with countries in which it is *donated without payment* (like Britain).

We should bear in mind that human blood needs to be considered a very special kind of good for at least three reasons: first, it is a good which can only be ‘produced’ by the human body; second, it is a perishable good, since it can be stored for a few weeks only; third, one single ‘donor’ cannot give blood more than two to five times a year, a point we shall return shortly.

The demand for blood in Western countries, at the time of Titmuss’s analysis (the two decades of the 1950s and ‘60s), was growing faster than the

⁹ See, as two significant works, Garegnani, 1970 and Pasinetti, 1981.

¹⁰ An exception was Arrow, 1972. See also Singer, 1973. There are scanty references in economics book, like Del Bono and Zamagni, 1996, and Heap, Hollis, Lyons, Sudgen, and Weale, 1992. See also the review by Horner, 1997, of the 1997 edition of Titmuss, 1970.

¹¹ See the commentary on this in Reisman, 2004: 781.

rates of growth of populations (people aged 18-65) from whom suitable 'donors' could be drawn. The faster growth of demand at that time and undiminished to this day, was due to overall growth in surgical intervention. The latter was itself occasioned by a marked increase in surgical ambition and capability whether of a cardiovascular nature or for organ transplants. Indeed, the uses extend from therapeutic purposes (for example, in the speeding up of post-operative recovery from hip replacement) to road, domestic and industrial accidents, and to casualties occasioned by riots, terrorist bombings, wars and natural disasters.

As to the supply side of blood, Titmuss's analysis reveals a very sharp difference both in the *quantity* as well as in the *quality* of blood supplied, according to the country investigated. His analysis is partly based on the available statistical data (unsystematic as they then were) and partly on research organized by himself in co-operation with consultant staff and officials of the then Ministry of Health and the National Blood Transfusion Service and based on appropriate questionnaires completed by a sample of several thousand British 'donors'. In England and Wales, the number of blood donations per 100 potential donors *rose* from 1.8 in 1948 to 6.0 in 1968, the quantity of blood supplied being at all times sufficient to meet the corresponding demand [Titmuss, 1997: 91].

By contrast, in the United States the supply of blood over the same period of time persistently lagged behind the corresponding demand. In particular years, and in specific periods of time in any single year, there were even acute and chronic shortages of blood.

In this connection, Titmuss provides eight types of donors, beginning from the 'paid donor' type and ending with the 'voluntary community donor' type. Between these two 'extremes' there are 'mixed' types (as, for example, 'paid-induced voluntary donors' and 'captive voluntary donors'). The fundamental difference between these different types lies in the crucial circumstance that a 'paid donor' *sells* her/his blood at the market price, and is motivated solely by the corresponding monetary benefit received. At the other extreme, the 'voluntary community donor' donates his/her blood *freely*, motivated by the will to help those in need. Albeit the donor may become one of the needy in time to come.

In the United States, according to the statistical evidence produced by Titmuss, the great majority of blood donors are 'paid donors', whereas the number of 'voluntary community donors' is insignificant. In contrast, the overwhelming majority of blood donors in Britain are 'voluntary community

donors'. One of the most important reflections of these greatly divergent donor typologies can be seen in their representations within their respective countries and, as a consequence, in the quality of the blood given. In the United States a very high proportion of blood supplied comes from poor people, from the unemployed, the unskilled, and from minority groups; whereas in Britain the blood donor population is broadly representative of the general 'eligible' population [Titmuss, 1997: 186-187].

The existence in the United States of a private market in blood has quite negative implications. Being interested only in cash payment, the supplier of blood is keen not to reveal all the relevant information about her/his medical history or the frequency of his/her donations, with the consequence that the blood might be hazardous because infected, or so enfeebled as not to benefit the health of the recipients. To the *monetary benefit* of the giver one has to add also the *profit* made by those who intermediate between givers and receivers. These include blood bank buyers, the pharmaceutical industry (in the sale, import and export of plasma and blood products), and hospitals.

These 'economic' aspects produce negative results (negative externalities) in terms of economic and administrative efficiency, in cost per unit to the patient, and furthermore, in terms of quality per unit. As a partial consequence of these negative externalities there is in the United States very extensive wastage of blood, and high costs incurred from malpractice insurance and generally defensive medical practices. In England and Wales, by comparison, each of these items was found to be negligible [Titmuss, 1997: chapter 15].

Despite the title of Titmuss's work, it should be noted that the contrast under consideration here is between 'commodity' and 'voluntary donation', not 'commodity' and 'gift'. It may be helpful to think of a 'gift' as the *genus*, and 'donations', 'presents', 'favours', and 'free gifts' as the *species*. In relation to the blood supplied by blood transfusion services, what is at issue in distinguishing between the two concepts of 'giving', that is, *voluntary blood donation* and *blood given as a free gift*, has nothing to do with the *sourcing* of blood. Rather, the distinction contrasts two species of giving in relation to the degree of *relative alienation* registered in and by the act of giving. At issue, is how these two different states of affairs resulting from these different means of obtaining blood make demands on the kind of charge under which the respective blood transfusion services are placed.

The degree of alienation effected in different species of gift-giving and the quality of motives that prompt gift-giving are related to each other in very complex ways, a point easily overlooked if one allows oneself to be too

impressed by the fact that the (idealized) market-priced commodity lies at the intersection of a seller's perfected alienation, the point at which he relinquishes all of his up till then rights over the good, and the buyer's (perception of his) self-interested acquisition of it. In fact, alienation is on occasion complete in the giving of a free gift that stems from solely altruistic motives.

A distinction is needed here. Thus, in transferring an object, good or service *qua* present, gift or voluntary donation, the giver formally relinquishes them as instruments of his own will. *Possession* has been alienated. If there are constraints on how a free gift or present is to be received, used or what is to be done with it, it is rather to the recipient's manners and the prevailing etiquette that we look. In standard cases, the giver has no say over the use-value which the recipient attributes to it. *Use-value* has been alienated. This is not so in the case of a voluntary donation. In making such a donation, the donor or the donors' trustees whilst fully dispossessing themselves of the object donated, have nonetheless in some measure invested it with their own purposes by placing on the recipient body or institution a charge to administer it with due care and confine its use-values to the furtherance of a certain range of purposes.¹²

In the standard case, where voluntary donations are entrusted to an intermediary body the latter's responsibilities are custodial and stewardly, those of a guardian. If this charge was not honoured, and the blood banks freely sold off useable blood, say, to Turner Prize entrants in order that they could daily sprinkle Nelson's Column, we'd expect donations to dwindle. Thus, it has been suggested that part of the explanation for there being less wastage in the British blood transfusion services compared with those in the US, is that an institution that receives blood by way of voluntary donations is charged with a duty to administer it carefully, whereas when blood is a commodity no such duty exists, the only consideration that applies being that wastage reduces profit¹³.

We must remember however, that though *greater care in administration leading to less wastage of blood* is likely to provide an explanation of the British blood transfusion system being more efficient than that of the US, the source of that superior efficiency occurs subsequently to the collection of blood itself. As we have related it above, the bulk of Titmuss's case however, rests on the

¹² For an informative historical survey of use-value in the light of classical economic theory, see Schefold, 1999.

¹³ See Heath, 1976, esp. pp. 50-60, 144-154.

observation that the voluntary donorship system generates both a higher quality and a greater quantity of blood *at the point of collection* than when blood is treated as a commodity bought and sold in a market. Precision as to the ratio in which these different sources of efficiency contribute to the whole is, of course, an empirical matter in part. Nonetheless, that portion of the benefits of efficiency that derives from avoiding unnecessary wastage is likely to be relatively minor in comparison with that which can be traced to the point of collection, that is, where blood is donated in greater quantity, which is higher in quality, and also cheaper.

III. MODELS IN ISOLATION AND MARKET FAILURE

Some striking features of Titmuss's analysis can be put forward and interpreted in the light of economic theory. In a country like the United States, where human blood for purposes of transfusion is purchased in the marketplace, the supply falls short of demand, with blood shortages sometimes quite severe and relatively higher costs being imposed upon 'consumers'. This is patently the opposite of what standard economic theory predicts: the existence of a market would induce an *increase* in the supply of that good whose demand happened to be greater than supply and, under competitive conditions, the price of that commodity would tend to its minimum average cost.

TGR, however, persuades us decisively that precisely *opposite* conclusions must be drawn. Despite the two functions being strictly connected, the existence of a market does not in itself enlarge the set of possible choices, nor does it provide the best valuation of the commodities thereby exchanged.

Before exploring Titmuss's analysis further in this respect, we should remind ourselves that the countries selected for comparing the provision of human blood were the United States and Britain - two societies that possess many characteristics in common, language and origin being perhaps the most obvious of these. Yet, the sharp difference existing between them as to the provision of human blood makes it evident that deeper causes need to be found in order to explain that very difference.

The 'poor' performance of blood provision in the United States should not be seen, firstly, as an 'adverse selection' case, of the kind originally contemplated by Akerlof [1970]. Akerlof's influential article represented an attempt to shore up the case for the general validity of the market. However, the 'adverse selection' defence causes no embarrassment whatever to Titmuss's

thesis. The ‘lemons’¹⁴, which Akerlof is concerned with, are goods that have come into being as a result of an *economic* process (involving, in the course and cause of their production, the physical destruction of other goods and thus the existence of exchange-values); in addition they have their own substitutes (though imperfect ones, such as new cars and other means of transport), all of these possessing their own market and thus their corresponding exchange-values. As a consequence, second-hand cars *already* possess an implicit market-value and an opportunity cost, and therefore no other way exists, in general, of getting rid of them but to sell them in the market. By contrast, blood is not the result of any *economic* process and moreover there are no substitutes of any sort for it. We might more properly call it a *latent* good – a good which comes into existence only under certain conditions. It is precisely for this reason that there is *no need* to have a market for blood. This paper therefore contends that unless a cogent and impelling argument is put forward to the contrary, the demand that there exist a market for blood is sheer dogma.

Secondly, nor is the ‘poor’ performance of blood provision in the United States an example of some sort of ‘market failure’ or a malfunctioning of the ‘coordinating mechanism’. It is the existence of a market *in itself* which hinders a good or acceptable performance such as is the case in Britain. A *commodity* is a good which is subjected to valuation solely in virtue of the degree of its relative ‘scarcity’. According to standard economic theory, commodity exchange values should reflect, at least in a pure competitive market, their relative ‘scarcity’. ‘Scarcity’ is supposed to provide an objective and neutral criterion of any commodity. Such valuation is at the basis of Walrasian economic theory which, after Cassel, was thoroughly revised and integrated over different time-periods by numerous mathematicians¹⁵.

However, the ‘penalty’ which has been paid for such an operation, useful as it was indeed in so many respects, was an improper or contentious ‘singling out’ of the ‘economic’ aspect of a phenomenon, detaching or completely separating it from other aspects no less important. This move within the discipline was not an unnatural one: mathematics imposes, by its own nature, *abstraction*. But ‘abstraction’, in a social discipline like economics, can have its

¹⁴ That is, ‘poor quality second-hand cars’ (US slang).

¹⁵ The most representative works, in this connection, are Neisser, 1932; Zeuthen, 1933; von Stackelberg, 1933; Wald, 1935; Wald, 1936; Arrow and Debreu, 1954; and Debreu, 1959. On this literature see Chiodi, 2003b: chapter 12.

shortcomings. Method circumscribes content. Thus the dominance and prestige of abstract modelling renders it normative and so readily exclusive of alternative approaches.

The obligation to make statements in a *formally* consistent way has quite naturally implied the use of *quantitative* expressions. This, in turn, has had the effect of enormously restricting the space within which *any* significant human action or relationship can be taken into account and analysed. The requirement that exchange relations in a commodity market be expressed via a set of mutually consistent numbers has often meant to most economists that those numbers were mostly the reflection of some indisputable 'objective' or 'natural' constraint, outside any individual (and sometimes even social) control. (We shall consider some examples of this shortly.) Thus, the human actions and relationships worth considering in economics - and thus supposedly the only relevant ones - were fundamentally those which could be translated into or represented by quantitative expressions. As a result, other humanistic disciplines, like (for instance) moral philosophy, sociology, political science and anthropology, and the analyses each might make of economic phenomena, were judged either not pertinent or without interest - and to fall outside the defensive barriers of economics as a professional discipline.

TGR is an example of how and why economics *failed* to tackle a problem in which the ethical and moral commitments of people play a crucial and determining economic role in human life. As we have seen, it is the very existence of a market for blood that seems to be at the basis of people's disinclination to volunteer blood. The existence of a market entails that of a commodity price. Yet the mere existence of such a price, in the case of blood transfusion, reduces its supply. The explanation for this state of affairs is that the anonymous market valuation attributes a *precise economic* value to a unit of human blood which is in fact far inferior to the prevailing *non-economic* and *non-quantifiable* value people attribute to preserving certain values which, under certain circumstances, inform their conception of their social relations with other people; in this case, with strangers. Therefore, market valuation, by *devaluing* any voluntary donor's potential act of altruism, causes that person to withdraw from the pool of potential blood donors, with the consequence that supply will be less than otherwise would have been the case¹⁶.

¹⁶ See Hausman and McPherson, 1996 for some pertinent remarks, and also Archard, 2002.

In this connection, an indication is found in Titmuss's TGR itself. He gives much weight to «the history, the values and the political ideas of each society» [Titmuss, 1970: 236]. It is to these elements, in fact, that one has ultimately to resort if one is to alight on plausible causes of the differences here under discussion. If Aristotle was correct to note that architects need, apart from rulers, flexible tools to measure curved buildings accurately, then surely economists need, apart from commodities, other ways of conceptualizing goods if the various forms of human exchange and transfer that comprise an economy are to be represented with a similar respect for accuracy. It is a commonplace to confuse 'accuracy' with 'precision', but since our concerns are here predominantly with economic *phenomena*, it is important to recognise in the present discussion that it is 'precision' (strictness in observing the distinctness of what is defined) that must concede pride of place to 'accuracy' (conforming correctly in measure or description to what is identified).

IV. HISTORY AND WEALTH IN THE PRACTICES OF IMPURE ALTRUISM

On Titmuss's view then, in order to explain the comparative efficiency with which different societies supply certain goods such as human blood and mother's milk, or the combination of goods and services such as is involved in the letting of wombs and maternity leasing, there is a need to conduct historical investigation at different levels of generality.¹⁷ Firstly there is the investigation of a society's ideological resources or the ideals that promote or endorse, or contrarily oppose or disown the need for public or social welfare. Then at the level of institutional authority, whether legal, or emanating from secular or religious bodies there is a requirement to look at the history of social legislation, welfare measures and affiliated customs over at least the last hundred years¹⁸. Thirdly, it is not merely the success-rates – or rather differently - excellence of welfare practices, but the manner in which they sustain themselves and the respect in which they are held that needs investigating. In this latter category, it is the relationship between what MacIntyre has distinguished as the *traditions*

¹⁷ The present authors are grateful to Nina Edwards for conveying what is involved motivationally in 'maternity leasing' cases, in which the mixture of motives in the lessee tends to be far more complex than in the case of mother's milk or blood donorship.

¹⁸ See, for example, Barr, 1993: chapter 2.

and the *practices* that need investigation¹⁹. In short, the efficient supply and transfer of necessary goods is not exclusively a function of commodities exchanged in markets.

A society's ability to provide such goods will depend on the preservation of an array of *non-market* values. These may be supra-individual such as 'solidarity' or 'a sense of belonging to a community', the possession of basic self-respect or dignity, and above all on the Titmuss conception of altruism, the disposition in strangers to help other strangers²⁰. Let us call these collectively *commonwealth values*, a description which would once perhaps have slipped off the tongue more readily than now. Though one may group people variously, a society comes into being where commonwealth values are established, marginal cases - virtually atomized groups - though there supposedly are²¹.

It should be mentioned here that one considerable barrier to accepting 'the case for altruism' is the way it is so often presented as a disposition characterised by a peculiar purity of motive, un- or even otherworldly in nature, or else as a perspective which one cannot but adopt if one is to count oneself a rational agent. However ingenious arguments for these are, we believe that they hold little practical promise²². Moreover, since any example of an altruistically motivated action can be re-described by a determined theorist of psychological egoism as motivated egoistically, whilst any egoistically motivated action can be re-described by an equally determined theorist of psychological altruism as motivated altruistically, we shall not engage in further discussion of these claims²³.

¹⁹ A summary of MacIntyre's conception is that «a "practice" involves the socially established, co-operative realization of goods internal to an activity which is complex and coherent and aims at standards of excellence that systematically extend human powers and goods, and partially define the practice». A healthy tradition is the bearer of conflicting views and arguments as to what constitutes such goods and the manner in which they are to be provided. Edwards, 1998: 59. On practices and tradition see MacIntyre, 1985, esp. pp. 181-225.

²⁰ See also Alcock, Glennerster, Oakley and Sinfield, 2001: 125-134.

²¹ For a controversial description of mid-1960s Ik society in the process of disintegration see Turnbull, 1972.

²² The classic work arguing for altruism as a basic constituent of practical reason is Nagel, 1970.

²³ For a brief summary of different types of egoist, see Edwards, 1998: 49-52.

There seems to be no very good reason for doubting the occurrence of what we will call ‘episodic altruism between strangers’. There is, for example, a *quasi*-aesthetic sense, often mis-described as guilt, which can prompt altruistic actions. It may ally itself to a ‘herbivorous patriotism’, to unvaunted grandeur in someone who realizes he can do something about the indecencies others are obliged to endure, or be triggered by a conception of life which repays the banal ruthlessness of those whose life skills have been curbed in order to specialize in murderous violence in a currency that befits a largeness of mind and a generosity of soul, and in a way that cannot fail to move, if not the perpetrators, then one or two of their supporters, and to win their admiration²⁴.

Even if we think that the existence of altruism is not in itself especially difficult to accept or explain – that it is perhaps idle or frivolous to think that it is – most of us recognise that it is a relatively scarce and weak disposition when not confined to blood relations or dependants from whom we more often than not indirectly receive various returns for our investment. Moreover, in these latter cases, a parent’s altruistic act vis-a-vis her child is not merely indirectly - so partially - self-interested, but often enough the conviction that one is *acting for another* - albeit one of her own - can unleash a selfish assertiveness which the same person mightn’t have the face to prosecute were she actually on her own. Nonetheless - *pace* Hobbes - the evidence of indirectly self-interested dispositional altruism does not fuel much contention.

Apart from heroic altruism or where the episodic costs are trifling, beyond blood ties and dependants, specifying the role and judging the proportions of required altruism within institutional practices against the general costs, risks and inconveniences for participants is clearly a complex task. But if the practices are to prove sustainable, it is a crucial one.

Related to, yet separate from the above ‘social’ or ‘cultural’ task is the practical assessment of the trustworthiness of altruistic dispositions in particular

²⁴ A recent example of the first type of case would be that of certain members of the Vietnam Veterans Association who have donated their bone marrow, organs and parts thereof to aid Iraqi children in peril, and with the stated intention of showing that «not all Americans are arrogant bullies». The second case might be exemplified by the decision of a member of Pink Floyd to give his £ 3.5m London house to CRISIS, the association of the London Homeless, stating simply that he didn’t really need it. Finally, it would be difficult to know how to persuade someone who remained unimpressed by the response of the Israeli Jewish family who, losing their son to a Palistinian suicide bomber, offered the young man’s organs to aid distressed Palestinian children.

cases. Moreover, practically assessing the feasibility of trusting to dispositional altruism whether in oneself, in others, or in the legally constituted personalities of a variety of stewardly institutions can be fraught and complex. This is well illustrated by considering what is involved in the inspiration, initiation, and formalizing of the relationship between the voluntary and anonymous bone marrow donor, and a certain type of leukaemia patient. If medically successful, the initial introduction of bone marrow to the patient sets up a unique relationship of utter dependency, the patient dying if that *unique* donor happens to experience a change of mind²⁵. In this case, the moral weight of donorship resides most obviously on the dispositions of a stranger, but also on the competence of those whose duty it is to assess the suitability and reliability of the donor. Furthermore, initial interest in donorship relies on institutions that enjoy a *reputation* for integrity and professional competence.

If one finds oneself unexcited by wishing wells, but disinclined to entertain contempt for the project of theorizing cultural conditions in which ‘dispositional altruism from stranger to stranger’ might flourish, one can find at least certain hints in Titmuss’s work on voluntarily given blood. The investigation emphasizes what we have dubbed *commonwealth values*: the importance of the community as a social body to which any and every individual belongs. The ‘gift’, in the case of blood donation, is an act for which the receiver is a stranger and the giver does not expect any ‘reciprocal’ gift, now or in the future. (This issue seems to have an explicit connection to the debate on the *universal basic income*, according to which any citizen is a ‘stranger’ and no directly ‘reciprocal’ action is required.) It must be recognised, however, that giving blood as a free gift is not a *neutral* act of altruism: a ‘voluntary community donor’ probably *believes or presumes* that other possible donors can (and will) do the same thing; and she/he acts with some degree of confidence that there is a structure of values which systematically encourage these and similar potentialities both now and in the future. In terms of ‘welfare’ the society *as a whole* has enriched itself. From this standpoint it may perhaps be easier to understand Titmuss’s critique of the ‘Paretian optimum’, had it been applied to social gift-relationships [Titmuss, 1970: 271]. The Paretian criterion rests on the possibility of evaluating ‘gains and losses’. Such a process of valuation, however, is impossible to make in the case of blood donation, for

²⁵ The authors would like to thank Dr Kishichiro Watanabe, Director, Department of Pathology, National Hospital of Kanazawa, for discussion of such cases.

neither the giver nor anybody else possesses acceptable criteria to which to refer in their ‘calculations’.

V. POST-CLASSICAL EQUILIBRIUM AND SUBSISTENCE

Before examining the suggestiveness of Titmuss’s analysis when applied to other aspects of economic theory, for example, to ‘labour’ or ‘labour power’ (section VI), or to the Smithian requirement that wage-levels not fall below the material costs of avoiding indecency (section VII), let us record briefly how the ‘wage’ is treated in postclassical (or neoclassical) economic theory.

According to neoclassical economic theory, labour must be treated just like any other commodity and, as such, be subjected to the same market rule: it must be evaluated according to its relative ‘scarcity’. Within the sophisticated analytical apparatus of the theory, the ‘equilibrium wage’ becomes the reference wage around which the actual wage tends to converge or to gravitate.

Labour, conceived merely as a commodity, ceases to be treated as one of the most fundamental expressions of being human. On the contrary, as a commodity it is *priced* just like any other commodity and as such unemployed people ‘can’ only exist in so far as workers refuse to accept the ‘law of the market’. In other words, they are conceived to have refused to accept the ‘equilibrium wage’ as the *just* price, refused the ‘equilibrium wage’ despite its being what their labour is actually worth *in the market*.

The ‘equilibrium wage’ however, bears no relation to the ‘subsistence wage’, for at least two reasons. The first one refers to the way in which it is established. The ‘equilibrium wage’ is a value determined in the labour market by the forces of supply and demand, according to the relative ‘scarcity’ of labour as a commodity. In contrast, the ‘subsistence wage’ is determined by a complex of social elements not directly related to the quantity of labour available in the economy and, above all, not related to the market. The ‘subsistence wage’, in fact, is expressed by a *collection of commodities* which any given society takes as necessary for the *reproduction* of the labour force, *viz.* for the *maintenance* of the *current* workers as well as of their ‘families’. The latter may include, partially, totally or not at all – depending on the specific characteristics of the society taken into account – those who *will become* workers (children and young people), those who *have been* workers (retired, unemployed or temporarily outside the labour force) along with those who *are* indeed ‘workers’ from a social point of view (like, for example, mothers looking after their children).

The second reason for the absence of a conceptual relation between 'equilibrium wage' and 'subsistence wage' lies in their respective composition. The 'equilibrium wage', being a *value*, expresses a general purchasing power over commodities whose qualities and quantities in the market are determined on the same principle as the 'equilibrium wage' itself, that is, according to their relative 'scarcity'. The crucial point here is, that *in consequence, there is no guarantee either that the level of the 'equilibrium wage' or that markets other than that for labour will satisfy the requirements of that particular collection of commodities needed to 'reproduce' the labour force. By contrast, there is a conceptual requirement that the 'subsistence wage' be composed of that particular collection of commodities, and no other constraint exists apart from the physiological and social conditions of the people concerned.*

If a 'disequilibrium wage' higher than the 'equilibrium wage' should prevail, then the economy, according to standard economic theory, would be characterized by certain 'rigidities', with the consequence that a number of unemployed people would generally be considered the natural effect of that 'rigidity' and at the same time the price the economy must pay for it. But, with at least equal plausibility, the unemployed may be regarded as the community squandering itself. If we wanted to extend and apply Titmuss's philosophy in this regard, we should say that that wastage is a *non-quantifiable* phenomenon: its 'value' cannot so simply be given by its 'opportunity cost' (the value of what the unemployed would have produced had they worked). That wastage has far more complicated consequences for the 'welfare' and well-being of a society. These include ailments ranging from intense frustration, alcoholism, criminality, family disruption, to the denial of *feasible* citizenship, and attached to all of these are formidable costs, and among these latter costs those least question-beggingly to be regarded as *economic* costs, offer little hope of turning out to be quantifiable. It is indeed difficult to say precisely where the 'economic' begins and where it ends. As Titmuss says of the field over which the discipline of economics presides, «Human welfare is an ethical concept» [Titmuss, 1970: 263]²⁶.

²⁶ On the difficulty in tracing a precise boundary between the scientific and the ethical see Williams, 1984. Powerful insights are contained in van de Graaff, 1957: 1-13, and in Hicks, 1959.

VI. BLOOD, LABOUR AND DIGNITY

Titmuss's analysis of TGR can also make for suggestive applications and extensions to other parts of economic theory, for example, wage theory. Some of these have been put forward or alluded to above. In this section, an analogy may be suggested between 'blood' and the 'services of labour' or, more simply, 'labour' (labour power). Both of them share certain common features: they are perishable goods - labour, in particular, being far more perishable than blood²⁷; they are structurally 'linked' to the human body; they can be commodities and thus priced in a market; they can also be 'gifted', though in different ways, with different purposes and in different contexts²⁸.

Obviously enough, in general human beings need to work in order to live; most labour is usually supplied in a market in order to gain an income.

In the history of economic thought, however, labour income has been broadly treated in at least two entirely separate ways. In the first, although a labour market was present, labour income has been treated in terms of a 'basket' of commodities necessary for the sustenance of workers. The composition of the basket, both in the quality as well as in the proportions of the commodities there contained, was dictated fundamentally either by the mere physiological conditions of workers and that of their families or by more general conditions pertaining to the social context in which they lived. It should be noted that by 'social context' what is intended is a complex of various elements, some of them physically tangible (a house to live in, some religious articles, if needed), others intangible (like, for example, dignity), all of them concurring in the definition of a 'standard of living' and to be taken as a reference in the making up of the worker's sustenance²⁹.

The composition of the basket was determined *prior to or independently of* any price, including the 'price of labour', the market being able to fix the latter at a higher or lower level than the wage level corresponding to the subsistence of the workers. 'Market wage' and 'subsistence wage' were two contemporaneous concepts indicating, respectively, the *actual* wage paid to the worker (per unit of time) and the *necessary* wage which should be paid to him (per unit of time).

²⁷ See on this point Hicks, 1942: chapter 2.

²⁸ In the classic anthropological work the 'gift' is analyzed by Mauss [1925], but the account is rather different from that given by Titmuss [1970: 124-126].

²⁹ On this specific point see Chiodi, 2003a.

As will easily be recognised, the treatment of the wage so far considered corresponds to that of the Classical economists and Marx.

In the 1960s, the treatment of the wage along the lines pursued by the Classical economists and by Marx was enriched by Sraffa. In his *PCMC*, besides the necessary wage, a surplus wage is also contemplated, i.e. a wage established by income distribution decisions. These decisions, whatever they are, take place *outside* the system of production [Sraffa, 1960: 33]. It is crucially important here to note not only that in respect to the surplus wage the market plays no role within the Sraffian analysis (and thus it does not have any role to play in the formation of production prices), but that decisions regarding income distribution are equally unaffected by any sort of economic valuation; on the contrary, it is those very decisions which affect exchange values. For that reason, those decisions must take place *outside* the system of production. They are formally expressed by a set of equations, and it is within these that commodities' exchange-values are determined. Therefore, no 'economic' rule or variable is directly involved in that distribution. What really counts is, yet again, the social and political context affecting those decisions within the society considered.

VII. OPULENCE, DECENCY, AND THE STANDARD OF LIVING

In looking for alternatives to current criteria for assessing the standard of living, specifically to the relatively easily quantifiable criterion of *opulence*, scholars have made use of the tradition of classical political economy, and in particular have referred to Adam Smith³⁰. After discussing the inconveniences of capitation taxes, Smith turns his attention to those on 'consumable commodities', and divides these into 'necessaries' and 'luxuries'. He is concerned to show that taxes on the former raise wage rates, whereas on the latter they have no such effect. Taxes on luxuries merely raise the price of luxuries³¹.

There follows a distinction between two conceptions of 'necessaries'. 'Necessaries strictly conceived', are those needed to sustain human life anywhere at any time. We may call these *absolute necessities*. The ability on the part of labourers and their families to acquire and consume *absolute*

³⁰ See the essays in Hawthorn, 1987.

³¹ «Taxes upon luxuries have no tendency to raise the price of any other (*sic*) commodities except that of the commodities taxed» [Smith, 1920: 357].

necessaries, would be basic to all but very short-lived economies, even those in which the workforce was enslaved.

More interestingly, Smith turns his attention to the commodities which any *creditable* labourer and his family need in order to appear in public inconspicuously or so as not to offer an affront³². «By necessaries», Smith informs us, «I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without» [Smith, 1920: 354]. These needs, the ‘relative necessities’ of adult life among the poorest class of *creditable* person, may be called the *customary requirements for decency (CRDs)*. Smith is clear that these vary widely from one society to another and between women and men, and gives numerous illustrations; for example, leather shoes in England for both sexes, a linen shirt and leather shoes for Scotsmen, though women may ‘without any discredit, walk about bare-footed’. Furthermore, he reported that in France leather shoes did not comprise the customary requirements of decency for either sex, appearing in wooden shoes or bare-footed bringing no discredit [Smith, 1920: 354-355].

Titmuss’s philosophy of welfare and what we have called commonwealth values are plausibly to be seen within the Smithian tradition. Clearly, commonwealth values require critical investigation of a kind we have not been able to offer here, but it may be worth recording that when Smith referred to a creditable day labourer, he was referring to a labourer of good repute: who could be relied upon, trusted to be responsible, and to be truthful. His concern is with the way the customary requirements for decency are necessary for an economy to continue to re-produce a *useful* labour force, that is, one in which *on Smith’s assumptions* wage-earners’ economic interests and self-respect are ineluctably linked. A labour force constituted by those whose private lives are suffused with the unremitting anticipation of shame, and whose unavoidable appearances in public are shaming because they are unable to command those commodities needed to cloak the otherwise naked and unself-respecting self from others’ unforgiving – real or imagined – gaze, will not be such a labour force. Smith seems mostly to have feared a depletion of the work force over time: such families would produce many fewer healthy children and being brought up, albeit fitfully, by parents lacking self-respect, would, «instead of

³² See for a discussion of the public/private distinction Guess, 2001.

being useful to society by their industry become public nuisances by their vices and disorders» [Smith, 1920: 356].

There are three issues of importance here. First, it is clear that the costs of respecting the *CRDs* figure in the basic wage *prior* to any market valuation of that wage – a point made above (section VI). Second, the motivation Smith had for insisting on the inclusion of such costs as *essential* ingredients of the purchasing power of the basic wage is not that their exclusion would itself be shameful, but that their exclusion would have deleterious effects on the market economy. This is overwhelmingly clear when one takes into account Smith's remarks about the inefficiency of slave labour. Slaves are inefficient because they cannot be motivated by any interest apart from the acquisition of their daily maintenance'. Any work a slave does beyond that bare minimum can «be squeezed out of him by violence only» [Smith, 1991: 345]; Whereas, *beyond* that minimum, the free man is motivated to work by the pursuit of his interest in purchasing property including what the *CRDs* demand, various conveniences, and so forth.

Third, investigation is needed as to how much weight we can attach in the early twenty-first century to Smith's idea of there being ethical foundations *of that kind* to the market economy. The second half of the eighteenth century, and the ethical categories that were the common sense of their day – the decencies that were indicative of a desire not to affront others – are very far from being precisely ours³³. Those standards of decency the falling foul of which induced the broader category of shame, and of which Smith was such a keen observer, may well have been replaced, and to an unknown degree, not by the humiliation that is married to shame, but by its giddy partner, the ethically flimsy humiliation that attends a wounded self-esteem.³⁴

³³ In quoting a late-twentieth-century London example given in a lecture by Peter Townsend of it perhaps being «impossible to avoid (shame) without being able to claim to give one's children treats», that application of «the past in the present» is well captured [Hawthorn, 1987: XI]. There are many examples of this kind to ponder, a person might seek to disguise her poverty making excuses and risking the disappointment or displeasure of friends when refusing to accept an invitation to dinner because she can't afford the transport costs involved or the small gift that is expected.

³⁴ An investigation that addresses this topic with some attention given to its political ramifications can be found in a forthcoming paper, Edwards, 2006.

VIII. ECONOMICS AND NON-MARKET VALUES

The criticisms put forward by Titmuss are explicitly directed at the ‘omnipotence’ of the market, a claim quite generally accepted in standard economic theory. Yet there exist relationships among people, vital for human life, and based on ‘non-market’ values, which are better performed and which give results quantitatively and qualitatively far superior than those which the mechanism of the market can assure.

The specific case considered by Titmuss, related to the transfusion of human blood in certain Western societies, has a powerful symbolic significance for the healthy functioning and well-being of society. Such services may be extended to other goods and circumstances.

Certain *non-market* values, such as *altruism*, *solidarity* and *decency* need a suitable environment and institutions with which to concur if they are to be maintained and flourish³⁵. The market is not merely a sub-optimal institution for the provision of such support, the unrestricted freedom to commoditize any good, service or form of self-expression acts as a corrosive on such an environment.

The Titmuss criticism is in no way less powerful than the criticism raised by the neo-Ricardians to economic theory in the middle 1960s and 70s. The latter criticism was essentially directed at the *formal* consistency of the models used in economic theory, and therefore it pointed out the *non-general predictability* of the main propositions stated by that theory as regards the functioning of a market economy. Titmuss’s TGR points instead to the *non-general validity* of the market as an institution, insofar as it claims to guarantee that the most *efficient* results will come about.

In addition, Titmuss’s emphasis on the *economic* importance of *non-market* values finds an interesting parallel in Sraffa’s treatment of the wage, in which historical, social and moral elements crucially determine the composition of the necessary wage as well as the level of the possible *surplus* wage, whereas market ‘rules’ have no role whatsoever to play. Standard economic theory, however, has so far not taken up any of the above opportunities to modify its basic approach, and Titmuss’s insights – to borrow Sraffa’s own words – have been completely «submerged and forgotten» [Sraffa, 1960: p.v.].

Implicitly, throughout the paper, and running through this concluding section, is an awareness of there being a disagreement about the answer to a

³⁵ Interesting reflections can be found in Paci, 1989: 149-158.

question one can ask about any practise, discipline, or enterprise, not just about economics or the humanities in general: among its fundamental aims or ends, *do ethical and/or moral considerations and values play an internal role?* Anybody can ask ethical or moral questions that are *external* to a practise or discipline. Such questions may be about the safety or application of novel technology, the sudden potentially threatening powers brought into being by new discoveries, or the deleterious effects of certain nonetheless great works of art³⁶. But, those questions are *external* to the aims, ends and standards of excellence that comprise the enterprise in which its practitioners are engaged and in the achievement of which they are to be judged. These latter are *internal*³⁷.

There are many ways of taking the question of what values are internal to a discipline or enterprise, and they will likely depend on the activities under scrutiny. It is contended in this paper, that within economics, ethical and other technical values inter-depend. Much of the point of those aspects of Titmuss's work which we have discussed above, is that ethical and economic values are inextricably bound up with each other. It does not follow that it is necessary to consult or reflect on or even have an eye to ethical considerations whenever an economist is thinking about some aspect of his work.

As in other disciplines, certain areas are properly dominated by technical values, and these may exclude all others. However, not only within them, but outside those areas, technical precision and sophistication can exert an extremely powerful influence over many of a discipline's most intelligent practitioners. Prestige colonizes, and for better and worse the agents of

³⁶ An obvious and much discussed example is provided by Leni Riefenstahl's *Triumph of the Will*. For an interpretation in which that film's aesthetic 'majesty' is claimed to be flawed on moral grounds see Devereaux, 1998. The present authors are indebted to Maurice Lagueux for letting them have a copy of his *Ethics vs Aesthetics in Architecture* [Lagueux, 2004]. In that paper, his distinction between the internal and external role of ethics within a discipline is put to service in making a case for the interdependence of aesthetics and ethics within architecture. We found his thesis very stimulating in coming to review our own thoughts about the interdependence of values. For reference to the Leni Riefenstahl case and Devereaux's views referred to above, see Lagueux, 2004: 121.

³⁷ For a much more general and elaborate thesis than we are claiming, one in which virtues and practices are woven together in the narratives of practices, see MacIntyre, 1987: 185-203.

colonization do not leave the values they find, flourishing as they once were. There may be no point in resting a case on the assertion that a certain discipline must preserve an internal role for its 'essential' or 'foundational' values, since we can only know what up till then has or may have been treated as such, not what migration or mutation have in store.

Nonetheless, as we may speak of what has been and is true of the internal values of economics, we can point to a feature of economic life deeper than 'the commodity'. This is, 'exchange'. Albeit of inestimable importance in modern life, *the commodity* comes into being only when market exchange is refined to the point at which alienation of use-value, effected at the point of transaction between seller and buyer, is perfected³⁸. Isolated in this way, a 'good' becomes a 'commodity', a concept the objective criteria for the application of which makes it ideally suited to a discipline aspiring to resemble the natural sciences. However, that convenience, in itself, provides no reason to suppose that other forms of exchange, involving less than complete or perfected alienation of use-value, guided by custom and convention rather than contract, and motivated in numerous ways, should be 'excluded' from the province of economics.

Finally, whereas work or activity gives content to a life form, discretion in the exchange and apportionment of time and energy bestows form upon the life of a self-conscious species. Even an atomic economy devoid of interpersonal relationships can exist by virtue of exchange, since we may suppose a solitary rational being (Prudence) would make decisions about how to employ herself in accord with her needs and tastes. Such an economy would contain the fundamental values of economy and ethics, but since there would be no other persons to whom she might incur obligations - no morality.

³⁸ In the transfer of goods and services the alienation of use-value can, of course, be effected in other ways. See above, section II.

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