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Economics Is a Moral Science

By Arjo Klamer*

Abstract

This paper introduces a value-based approach to economics. It begins with the proposal to change the definition of economics. Whereas the standard approach focuses on the problem of scarcity the value-based approach studies the realization of values. Its subject is the right thing to do in all kinds of situations, like the realization of a good home, good work, and the right goods. In this way economics once again becomes the moral science that classical economists pursued. Important innovations are the notions of "shared goods" and "the willingness to contribute." The value-based approach stimulates a reading of the story of Robinson Crusoe that is quite different from the standard reading of the story.

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> "I see us free, therefore, to return to some of the most sure and certain principles of religion and traditional virtue – that avarice is a vice, that the exaction of usury is a misdemeanor, and the love of money is detestable, that those walk most truly in the paths of virtue and sane wisdom who take least thought for the morrow. We shall once more value ends above means and prefer the good to the useful. We shall honour those who teach us how to pluck the hour and the day virtuously and well, the delightful people who are capable of taking direct enjoyment in things, the lilies of the field who toil not, neither do they spin" (Keynes 1963, 161).

In this famous statement Keynes prophesies economics as a moral science. We economists would cease to be cynical about the intentions of individual agents and focus on doing the right thing. We would abandon our instrumentalist orientation where means get all our attention and the ends virtually none, and focus on what makes people truly happy. In other words, economics would be the discipline concerned with the good life and the good society, just as it was before the economics of Lionel Robbins, Jan Tinbergen and Paul Samuelson.

* Erasmus School of History, Culture and Communication, Erasmus University Rotterdam. PO Box 1738, 3000 DR Rotterdam, The Netherlands. The author can be reached at klamer@eshcc.eur.nl.

In *Doing the Right Thing* (2016) I have tried to figure out what it takes to transform the discipline into a moral science. I advance to that end the value-based approach. Here I will focus on two interventions that I deem necessary to realize economics as a moral science. They constitute important elements of the value-based approach. One is to redefine economics and the second is to expand the economic understanding of goods. But let me first briefly provide a motivation for the need to take Keynes' prophesy seriously.

Why Should we Conceive of Economics as a Moral Science?

The most important reason is that economics already functions as a moral science. Another reason is that everyday life consists to a greater part of moral actions; people, organizations and societies are trying to do the right things all the time. Economists only seem blind to the normative consequences of their practices and the value-laden character of everyday life.

The blindness comes about because of the instrumentalist framing of the discipline. John Neville Keynes, Lionel Robbins and Jan Tinbergen, among others, made economists believe that they practice a *positive* science focusing on "what is." This preoccupation with means left the thinking about ends – about what "should be" – to others. As Lionel Robbins puts it in his canonical 1932 essay:

> "Economics […] is concerned with that aspect of economic behaviour which arises from the scarcity of means to achieve given ends. It follows that Economics is entirely neutral between ends […]. Economics is not concerned with ends as such" (Robbins 1932, 23).

Yet the instrumentalist focus is not what makes economics politically effective. It is hard to detect the type of influence that Tinbergen had anticipated when he introduced his engineering perspective on the discipline of economics. Tinbergen's idea was that economic science would provide the necessary information that politicians need to make rational policy decisions. Such information was supposed to be scientific and objective. But that is not how it works. It is actually difficult and mostly impossible to detect Tinbergen's engineering-inspired approach by economists. It is not the case that economists feed politicians with the results of their research and that politicians act upon them. In reality political decision-making is complex, may involve outcomes of economic research, but more often exposes disagreements among economists and incorporates other arguments that are non-economical, such as particular interests and overarching values. Economists often report feeling sidelined in important policy decisions (see for example Klamer 2003).

However, economics does not make its influence felt by way of its positive results; its main impact is by way of its normative content. This influence is especially felt in the current neo-liberal environment. Following Foucault (2008), I define neo-liberal as the practice of governors and bureaucrats of public as well as private organizations who apply the logic of the market. This happens when government workers speak of welfare recipients as "customers," when bureaucrats stress the importance of "choice," "competition," "results," "cultural entrepreneurship," and "market pricing" of government services. When bureaucrats say and write these words, they do not refer to some kind of scientific study; they do so because they find all these elements important for policy. They constitute values for them. Accordingly, these policy-makers adopt from elementary economics not the positive outcomes but the values that are implicit in standard economic perspective.

Normative is also the impact of economics on life in general. The economic values become visible when people advocate and embrace "competition," stress the importance of "free choice," celebrate "entrepreneurship," trust "market processes," and recognize "opportunity costs" when a meeting lasts too long or when local people advocate turning an empty space into a playground.

In all these instances the adoption is not neutral, nor objective. When people value "competition" in the Dutch context they devalue the type of collaborations that have characterized the Dutch economy since people had to bind together to hold back the water. The stance is normative. When someone spends time with his family and brings up the notion of opportunity costs ("hey guys, do you know what else I could have done in the time I spent with you?"), it probably affects the appreciation of that time. The same would be the case when friends begin to charge each other for self-cooked meals "because that is more efficient." And what is there to say when people apply their economic lessons in an argument about the pros and cons of a market for kidneys and other human organs? The market logic of standard economics in all these cases is value-laden.

Everyday life is value-laden, too. Take the dinner that you and your colleagues decide to have at a nice restaurant downtown. In our standard accounts we will focus on what we pay at the end; we call that "consumption" and are keen to know the income that gets generated. Those numbers appear in the national accounts. Yet is that what our dinner is about? I expect not. More likely you will have dinner because you value "collegiality" and the "conversation" that you will be having. If I were to ask you about your dinner, you most probably will appreciate the dinner for the quality of the conversation. If we define moral action as what we do to realize what is truly important for us, then the decision to seek a good conversation with colleagues could be considered a moral decision. It certainly is for academics, so I hope.

Even within the world of economists values seem to direct scientific behavior, for example where some economists insist on mathematical modelling or where other economists stress the importance of an institutional approach. As I have argued throughout my scholarly life, major disagreements among economists are because of a divergence of scientific values. Whereas some value scientific rigor and a formal approach, others find relevance more important.

In order to make sense of such an impact, it works better to acknowledge that economics is a moral science after all. And to do justice to the moral impact, we do better with a value-based approach. At least, that is what I consider important.

Changing the Definition

In his essay Lionel Robbins takes on economists who define their discipline as the study of the causes of material welfare. Robbins sees the limitation in this definition when he considers an opera singer who does not contribute to material welfare. According to Robbins his singing is paid for and therefore part of the economy. He then relates to the story of Robinson Crusoe to make the point that our time is limited and hence we need to choose between alternative things to do. Crusoe could, as Robbins suggests, talk to a parrot, practice philosophy, or tend to his garden. That brings Robinson to his more encompassing definition of economics as the discipline that "studies human behaviour as a relationship between ends and scarce means which have alternative uses" (Robbins 1932, 15).

However, reading the story of Robinson Crusoe could lead to a different conclusion. His actions just as well could be interpreted as directed at the realization of things important to him. After he figures out how to survive, he seeks and finds company in the person of Friday whom he rescues from being a cannibal's meal, and, more importantly, he searches for a reconciliation with both his earthly and his heavenly Father. (Crusoe is actually a *Bildungs* novel.) If we read the story that way, our perspective – and with that our questions – change rather dramatically. For one, the moral dimension of the story emerges.

The leading question becomes: what is important to Crusoe? What is he pursuing after he finds himself all alone on an island? The answers surely help us understand his behavior, more so if we were just paying attention to his limited means. By speaking in terms of preferences, as economists who follow Robbins are used to do, the implicit question is about what people want. Asking what is important does more justice to the story of Crusoe, though. I suggest that it also makes more sense of virtually everything we do. Acting in a context, or contributing to a context, be it that of your family, the organization in which you work, your profession, your city, your society or whatever entity, implies the realization of values, that is, of whatever is important. Whether I plan Christmas dinner for the family, attend a theatre performance, shop in a market place, consider merging my organization with another, plan an exhibition, create art, deliver a speech, vote on a new law, or run with a friend, I am realizing values. Call such values ends, or purposes, they are what my actions are about. Why not take them into account, or, for them to be consequential, to conclude that economic studies have to make explicit what values are at stake and how they are being realized, or not?

When I consider how to spend an evening, I need to take into account what is important to me. I could waste my time watching mindless television, but I also could consider spending time with my children or attending a theatre performance because both the relationship to my children is important to me and so is being involved with theatre. When a theatre group decides to do something entirely different next year, it apparently seeks to realize something important to them. They may want to contribute something to the existing repertoire or bring about innovation. They may also want to attract new visitors and generate additional income but those objectives are subsidiary to what really matters to them, namely being an artistic group.

Is it possible that in everything we do, consciously and with the intent to feel good about it, we are seeking to realize something that is important to us? In all examples values are at stake, people are becoming or made aware of them, and then make them real by acting upon them. They may even reflect at a later stage to find out to which extent they succeeded. (When I lie down that evening I may conclude that, indeed, I wasted my evening with mindless television or had a great time with my children or at the theatre, or not.)

My suggestion is to interpret all such considerations and deliberations as the realizing of values in the sense of being aware of them, and the actions that follow as the realization of those values in the sense of valorizing them or making them real.

Realizing values has, therefore, two meanings: first, being aware of one's values and those of others and, second, making them real, or valorizing them. It is the second part that is characteristic for the economic approach to the world. Where sociologists may be content with registering the values that people hold, economics, as I see the discipline, is also about their valorization. Valuing the relationship with my children is one thing, doing things to make that relationship valuable is quite another thing. Economics is about the activity that is valorization. Consequently, I suggest the following definition of economics:

> Economics is the discipline that studies the realization of values, that is, it contributes to the awareness of the values that people, groups, organizations and societies hold and studies the ways in which values get valorized.

Interpreted in such a way, economics, as it actually functions, is clearly positioned as a moral science.

When I use the term "valorization," I refer to the *making real* of the relevant values. It is often interpreted as implying only the realization of exchange value (i.e. by selling something for a price), but I explicitly include the important values, such as artistic and social values. When artists produce a work of art, they will first have to realize its artistic values by bringing it into the art world. That means that they have to expose the work somehow, getting critics to view it and critique it. They will try to get the work into catalogues, onto websites and, ideally, into important collections. Bringing the work to a gallery or to an auction is only part of the valorization – and in the case of art, not the most important part. Sure, by selling the work artists receive an amount of money that enables them to live and do other things, but most important for serious artists is to realize themselves as artists. And for that they need to valorize their work in the artistic world.

Focusing on the realization of values is what the cultural sector is all about, at least to what "serious" leaders of cultural organizations and "serious" artists aspire. An art museum is dedicated to art, a theatre group to theatre. The artistic director of the Rotterdam Symphony orchestra wants to have the best musicians and the best conductor to perform Mahler's fifth symphony as it has never been performed before. Or he wants to perform experimental music by a new composer because he truly believes in its power. His goal is to perform great music at its best.

In the pursuit of his goals this director of the orchestra may have to battle a lack of interest among regular visitors. He may have to deal with a skeptical business manager and reluctant musicians. And he has to face the overwhelming preference for the usual, for recognizable music that makes listening easy. That is, he is up against the desire for amusement and entertainment. And because entertainment sells tickets, he has to be creative in realizing his music while avoiding bankruptcy.

With this value-based approach to the subject of economics I follow a rich tradition to which a great range of authors and endless practices have contributed. I name the works of Thomas Aquinas and Adam Smith, and, more recently, the works of Deirdre McCloskey. A favorite source of mine, though, is Aristotle and, in particular, his *Nicomachean Ethics*.

Acting upon Values Implies the Striving for the Good

Aristotle (384–322 BC) is the pragmatic Greek philosopher who would have a profound influence on civilization. That influence began in the 12th and 13th centuries when scholars translated his work into Latin. Aristotle's works became a major source for philosophers until the 20th century. Thomas Aquinas (1225–1274) used the Bible and Aristotle – to whom he referred as "the Philosopher" – as his main references, when he addressed moral issues in economic situations. Aristotle was mostly ignored during the major part of the 20th century but is now back in vogue. Alasdair MacIntyre (1984 [1981]) and Martha Nussbaum (2001 [1986]) are two prominent contemporary philosophers who have brought his work back to life. In particular Aristotle's *Nicomachean Ethics* receives a great deal of attention nowadays, after having been ignored for roughly a century. There are now even business handbooks that instruct managers how to apply Aristotle in their work.

It may be interesting to realize that Aristotle (350 BC) probably wrote the text to instruct his son Nicomachus. He began the instruction as follows:

> "Every art and every inquiry, and similarly every action and pursuit, is thought to aim at some good; and for this reason the good has rightly been declared to be that at which all things aim" (Book 1).

A contemporary reader may experience some difficulties here. Especially the notion of the good triggers questions and doubts – as if there were a good out there for you and me to be realized. I do not want to pursue the philosophical discussion at this point and suggest staying pragmatic by interpreting the good as the purpose that a person, a community or an organization is seeking. In an organization the purpose is expressed in the mission that some organizations have articulated and most have not.

Aristotle continues by suggesting that the good varies.

> "But a certain difference is found among ends; some are activities, others are products apart from the activities that produce them. Where there are ends apart from the actions, it is the nature of the products to be better than the activities" (ibid.).

Notice that a good can be an activity. An actor wants to be a good actor. His good is in the acting, in rehearsing and in performing on stage; by acting he can realize his good. A craftswoman whose craft is making hats seeks to produce great hats. Her craft is a good and an activity at that. Aristotle affirms such a reading when he continues:

> "Now, as there are many actions, arts, and sciences, their ends also are many; the end of the medical art is health, that of shipbuilding a vessel, that of strategy victory, that of economics wealth. But where such arts fall under a single capacity – as bridle-making and the other arts concerned with the equipment of horses fall under the art of riding, and this and every military action under strategy, in the same way other arts fall under yet others – in all of these the ends of the master arts are to be preferred to all the subordinate ends; for it is for the sake of the former that the latter are pursued. It makes no difference whether the activities themselves are the ends of the actions, or something else apart from the activities, as in the case of the sciences just mentioned" (ibid.).

Aristotle admonishes his son to distinguish means from ends. At the same time he urges him to be aware of the ends. It is a lesson that seems pertinent in a wide variety of situations today. It is a lesson for business managers who mistake the instrument of profit as an end in and of itself, or youngsters who seek money (lots of it!) as their goal. Swapping instruments for goals is all too common. A director of an American art museum declared in a seminar for art managers that he has three goals and they are 1) fundraising, 2) fundraising, and 3) fundraising.[1] That sounds tough and he probably tried to unnerve his audience. Even so, he might be asked in the spirit of Aristotle what purpose the fundraising serves. It would be strange to set up a museum in order to raise funds. Such a goal must also seem like a bad proposition to those providing the funds. This director was swapping means for ends.

Asking others and yourself about goals is probing for the good that you and others are pursuing. It is the Aristotelian question. Money is never a goal or a good in itself. The pursuit of money is always a means to some end or another, even if it is sometimes difficult to articulate that end. When we are aware of the goals, we need to figure out how to make them real or how to valorize them. To allow for a broader reach of the discipline we need a broader notion of what the goods are.

The Valorization of Values Involves the Realization of Goods – Especially of Shared Goods

Say someone is desperate for love. That solves the awareness part; love is clearly an important value for this person. Yet seeking love is different from having it. In order to have love, this person has to do something, at the very minimum to bring about a relationship with someone else. Without a relationship this person does not stand a chance of having love. It furthermore has to be a very special relationship in order to generate the love that this person is seeking. Here is the point: the relationship is a good in the sense that it is something to gain and something to lose. This person either has a loving relationship – or this person does not have one. It is a good as it is good for all kinds of values – like love. Accordingly, in order to make the value "love" real, this person needs to acquire the good "a loving relationship."

Values need to be acted upon to become real, and an important way of realizing them is to acquire or generate goods. Goods enable us to realize values. They can be things like a cup of coffee or a computer, but they can also be intangible things, like relationships, communities, ideas, and artistic expressions. Goods are good for all kinds of things. You and I can *have* or *possess* goods, although often not in a legal sense. *Having* a relationship is the same as *possessing* it. People have houses and they have kids. Goods are whatever we have that enable us to realize values.

1 I was told this anecdote by a Dutch banker who had picked it up in an arts management course at New York University. He cited it in approval. You can imagine how I responded.

This characterization of goods may seem odd at first. It certainly is when you are used to think of goods as things you can hold onto, like a cup of coffee and a computer, or when you think of goods as things that you can buy or sell.

Defoe's story of Robinson Crusoe helps to illustrate the point. When he was washed up on the shore of his island he took stock of his "assets" and "liabilities." This was his list:

Good	*Evil*
Still alive	Cast away
Singled out to be saved from the wreckage	Singled out to be miserable
I am not starved	Divided from mankind-solitaire
There are no wild beasts	I have no weapons
It is warm	I have no clothes

He could have added that he had been able to secure plenty of supplies from the shipwreck, including a few Bibles (which serve him well in his search for his faith). He also found some coins in the ship but they are useless in his economy. (Note that economists latched onto a story that has no use for exchange! Strange, eh?)

His account stresses his social situation, or better the lack thereof. All alone he is barren from any social interaction. That is why his encounter with another human being after months of loneliness is so important to him. Friday is not only someone who can do his share of the chores, but he is also company for Crusoe. The latter teaches Friday some English so that they can *have* conversations. The conversations have a great deal of value for Crusoe – a social value. He feels better, and even richer because of them. Of course he does. We humans are in need of company and conversation. They are basic needs.

Were you to wear the glasses of demand and supply, exchange and price, costs and benefits, you do not see such things. With value-tinted spectacles the values of company and conversations become pronounced. In a valued-based approach to economics, friendship is a good. And so is a conversation. They resist having them. That means they are not free; Crusoe has to make efforts and some sacrifices to acquire them. And they are good for all kinds of things.

What Are Goods?

Aristotle defined goods as "the means of life and well-being of men." I conclude that goods are means to realize values. We are back to the definition I gave earlier. Carl Menger defined goods as something that has the capacity to satisfy identified human needs (Menger 1871). By stressing values I add an Aristotelian dimension; needs are less particular. A homeless man may say he needs booze but when we ask him what is important to him, he will probably say something like “belonging somewhere” or “having a family.”

We also have to make clear that goods need to be acquired or generated, and that the acquisition requires some kind of sacrifice. To speak of *having* or *possessing* a good only makes sense if a good resists possession. When we happen to see a splendid sunset it would be strange to claim that sunset as “ours.” It would be different if you climbed a steep mountain in order to see the sunset: in that case you might say that it is yours to cherish. In general goods require an effort to acquire; we have to give something up to *have* them, or to enjoy the benefits of goods. Even a sunset requires some work in order to be able to enjoy it.

Therefore I define goods as follows:

> Goods are tangible or intangible things that an individual, a group of people, or a gathering of people possesses; they are good for all kinds of things, and their possession requires some kind of effort or sacrifice.
>
> Goods are important to us, because they enable us to realize values.

Goods That Are Most Important to Me – and You

If I were to follow Crusoe’s example, I would try to assess what my activities have contributed to the goods I care for, such as the good “family,” the good “collegiality,” the good “knowledge,” the good “a good conversation,” the good “academic community,” or the good “friendship.” All those goods are important to me. They are good for a variety of my values.

Notice that these goods do not include the stuff I buy. All the things I buy are instrumental and usually serve the realization of the goods that are really important to me. The gas that I buy gets me to the places I need to be. The food I buy feeds me so that I can do my things, or it serves to accompany a conversation with colleagues or other people. By paying the interest on the mortgage I am able to share the house with my family and realize a home. The book I buy gives me access to potentially important knowledge. In short, the things I buy are of subsidiary importance; they are merely instrumental. The same is the case with the greater part of public goods that the state provides, with the exception for goods like “peace” and “justice” that I care about for their own sake.

Conversations Are Shared Goods

Goods like “friendship,” “knowledge,” “art,” and “good conversations” are unlike the goods that economists account for. They are most important to us, yet they are not included in the standard reasoning of economics. In order to allow for their inclusion we need another category of goods. I call them "shared goods," because their ownership is shared and people have to contribute to them in order to claim (non-legal) ownership.

Let us investigate the good "a good conversation" to uncover the relevant characteristics of a shared good. It happens to be a good that is important to me: I am always looking for it, at home, with friends and at the university. It was also what Crusoe was looking for. There he was, all by himself, trying to survive, but with no one to talk to. In the end he was able to have conversations with this Friday guy. Even though they did not speak the same language, they quickly developed a language that they both could understand so that they could communicate. After some time they shared feelings, discussed what needed to be done and so on. Crusoe enjoyed the company and appreciated the ability of having a conversation with another person. The other presumably did as well.

The conversation that they are having is theirs; they *share* the conversation. It is a *joint production*. Friday makes an effort and so does Crusoe. A conversation in which he does not participate is not the same as one in which he is paying attention to what the other is saying, responds and contributes himself by telling things. The more effort they both put into their conversation, the better Crusoe will feel, and the better Friday most likely will feel as well. (He finds himself whistling again while walking along the beach and catches himself looking forward to the evening's meal because of the conversation they will be having.) It matters to him that Friday enjoys the conversation as well. They do not only produce the conversation together, they also "consume" it together. Its enjoyment is mutual. Their conversation is what he and Friday share. It is a shared good.

Maybe it is strange to call a conversation a good at all. From an economic point of view, however, it is not all that different from a good like bread. A conversation requires the input of time, effort and human and social capital. A conversation does not come about effortlessly. It is not free either. Even if the direct costs are zero, there will be opportunity costs (the benefits of alternative activities that are forsaken). And like bread a conversation gives satisfaction, a sense of companionship, knowledge, and perhaps great insights. Thus far a shared good is like a private good. The conversation, however, cannot be a private good because no one can claim sole ownership of it. Crusoe cannot claim that the conversation is his and exclude others, including Friday, from enjoying it. A conversation is not *divisible*. We cannot say: "this part is mine and that is yours, I give you this for that." A conversation cannot be exchanged; it cannot be bought or sold. It is shared.

A conversation is not a public good either. A pure public good is both indivisible – when you and I are the public I cannot consume it without you consuming it as well – and non-rivalrous – my consumption of the good cannot be at the expense of your consumption. Although a conversation cannot be split up and although Crusoe cannot have the conversation by excluding Friday, Friday and he can easily exclude others (like the members of Friday's tribe) from their conversation. Their conversation is between them; it is theirs. Maybe one of them will give it up for another conversation when the occasion presents itself. Crusoe may exclude Friday, as he actually did after being rescued. Conversations have rivalry and exclusion written all over them. A conversation, therefore, is a good that does accord neither with the class of private goods nor with that of public goods. It is a shared good. Both Friday and Crusoe enjoy having – or owning – it.

Note that this shared good is different from the notion of common goods in standard economic discussions. Common goods are accessible to all but allow for rivalry. Economists tend to see great problems for the sustenance of common goods because of the free rider problem. Take the sea. This is a good that all people have in common. The whales swimming in the sea are a common good. Catching them is lucrative. Here the free rider problem occurs because whale hunters have an incentive to catch as many whales as they can. When they voluntarily agree to limit the number lest the whales die out, individual whale hunters have the incentive to exceed that limit. They are said to be free riding (like what people do who do not buy tickets for public transport). The point is important since common goods lose their footing in the economic analysis because of this problem. But the problem does not apply to shared goods! When one party shirks, by pretending to be in the conversation while being with his thoughts somewhere else, the conversation will be different because of it and will have less value than a conversation to which all parties contribute. When there are more than two parties involved, one party may shirk and let the others do the work, but risk losing the conversation. When Friday and Crusoe are "having" a conversation, you may want to join in. Imagine they let you in and you subsequently shirk by not participating yourself. Apart from what they will think of your passivity, you will benefit differently from the conversation than they do (if you benefit at all). You may gain some information, some insight maybe, but you will not partake in the conversation and therefore it will not be "yours." You can only have a conversation by partaking in it. (Of course, you can exploit a conversation that others are having, drawing gainful information from it, but then you cannot go home and tell your partner about this wonderful conversation you had.)

Ownership of Shared Goods Requires Contributions

How to acquire a shared good? Take friendship as the example now. Like a good conversation, a friendship has shared ownership (of the friends involved), is costly to acquire (friends need to make sacrifices) and is good for the realization of all kinds of values. How do you acquire a friendship? It is not by way of a purchase: friendships are not for sale ("hey, I am too busy, want to take over a friend of mine?"). It is also not by some governmental program.

For a friendship it is important to share experiences, do things together, and do things for each other. That is what we agreed upon, too. "Friends have all things in common," the ancient Greeks would say. But that does not mean that having a friendship is a passive thing. Clearly, potential friends have to do something in order to acquire a friendship. And friends have to keep doing things to sustain or to strengthen a friendship. Aristotle pointed out that some degree of reciprocity is required. One friend does one thing for the other, and the other does something else at another time. They need to help each other, by giving a listening ear, helping the other to move, making dinner, giving support and so on. I will call all actions and gestures that serve the friendship contributions to that friendship.

Contributions, therefore, are essential for the acquisition of a shared good. In an exchange situation people pay an amount of money in exchange for a private good. Economists speak of willingness to pay to indicate the willingness of people to pay a certain amount of money. Willingness to contribute indicates the willingness to contribute to a shared good. In this case there is no immediate return of something of equivalent values as in an exchange. When someone makes a contribution to a friendship, say by paying a sick friend a visit, the giving friend does not get anything in return except for the affirmation of the friendship. The receiving friend is made to understand that in order to sustain the friendship he will somehow have to make a contribution sometime later.

Willingness to contribute is quite different from willingness to pay. In the latter case the expectation is a return of equivalent value. In case of willingness to contribute the expectation is that the contribution will add values to a shared good.

Shared Goods and the Share Economy

It is tempting to connect the notion of shared or share economy with that of shared goods. Yet they are different. A share economy refers to practices of sharing products and services with people, usually people in the neighborhood. It is about people putting their books outside their homes for others to take home, sometimes with the request to put another book in its place. It is about people putting in time and skills generating common sources such as Wikipedia and Linux. The share economy thrives on the logic of gift-giving, and not on that of exchange.

The practice of the share economy has the gift-giving in common with the practice of shared goods. Contributions that bring about shared goods are, after all, a sort of gift as the terms of trade are ambiguous and unspecified. But a book that is taken by someone passing by is not a shared good. Its ownership is taken by the passer-by. A share economy, though, may generate shared goods such as communities, conversations, and friendships.

Conclusion

Defining economics as the discipline that studies the realization of values is the first step to perceive economics as a moral science. The next step is the inclusion of shared goods as an economic category. One result is a broader scope of economics, one that allows us to consider the goods and values that are of ultimate importance to people, groups, organizations and societies. Often the ends that standard economics takes as an unspecified given turn out to be shared goods that require contributions of all kinds – outside the sphere of exchange – in order to get realized.

The notion of shared good, combined with the notion "willingness to contribute" furthermore addresses the problem that standard economics has with altruistic behavior. Thanks to these notions it becomes clear that most of our actions are not directed at private gain or the acquisition of private goods, but at the realization of shared goods. When a soldier sacrifices his life or when someone helps a homeless person, they contribute to the good that we could call "a good society." Most so-called altruistic acts are contributions to one shared good or another.

As I develop the argument in Doing the Right Thing (2016), more interventions are needed to realize a fully developed value-based approach. The re-defining of economics and the introduction of shared goods make for a good start of economics as a moral science and may turn out to do justice to the vision that Keynes so eloquently articulated.

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