

Chapter 9: Intrinsic Motivation, Kindness, and Reciprocity

Potential Problem: According to neoclassical economics, achieving mutual benefit is typically well-served by self-interested agents in a competitive market. But, according to behavioral economics, people do not act on self-interested preferences.

Related Problem: the argument from virtue ethics. “[B]ecause the workings of markets depend on asocial motivations, markets tend to corrode genuine sociality. Thus, it is said, it is important to recognize the ‘moral limits’ of markets, and to prevent markets from contaminating domains of life in which human flourishing depends on pro-social motivations.”

Extrinsic motivation: an activity is performed in order to obtain some separable outcome.

Intrinsic motivation: an activity is performed for its inherent satisfactions rather than for some separable consequences.

Hypothesis: External rewards can crowd out intrinsic motivations (i.e., people tend to find activities less intrinsically satisfying if there are external rewards for performing it).

Sugden’s Suggestion: In market transactions, people can be motivated by *reciprocity* (understood in a particular way).

- Trust Game
- Public Good Game
- Confidence Game
- Market Game

How should we understand being motivated by reciprocity? (Social preferences? Social norms?)

Chapter 10: Cooperative Intentions

Sugden’s Claim: “When people participate in markets, just as when they engage in other schemes of social cooperation, they do not necessarily act on self-interest: they act with the intention of achieving mutual benefit.”

Team Reasoning: When two or more individuals engage in team reasoning, each asks ‘What should *we* do?’, and not ‘What should *I* do?’. (You should consider possible *profiles* of actions that might be chosen by the team, assess these profiles in terms of their consequences for the team members *together*, find the profile that is in the common/collective interest of the team, and then choose the action that is the component of that profile.)

Team reasoning is typically explicated in a way that presupposes that agents have rational, context-independent preferences. Sugden attempts to generalize the concept to cases in which agents don’t have such preferences.

- *Practice.* (A path p^* for interactions in similarity class S is *the practice* in population M if, in instances of S in that population, players almost always conform to p^* .)

- *Voluntariness*. (An interaction is *voluntary* if it is preceded by some procedure in which each player can declare whether or not she is willing to participate in that interaction, and such that the interaction takes place only if both players declare willingness, and fails to take place only if at least one player declares unwillingness. *Irrevocability, Opting In, Opting Out.*)

Intending Mutual Benefit

- P1 That *I* belongs to similarity class *S* is publicly observed by *N*.
 P2 That *p** is the practice in *M* for interactions in similarity class *S* is publicly observed by *N*.
 P3 That *I* is voluntary is publicly observed by *N*.
 So C Let me conform to *p**.

Chapter 11: The Principle of Mutual Benefit

Sugden argues that there are advantages to “living in a society that upholds a morality of mutual benefit.”

The Principle of Mutual Benefit. When participating with others in a voluntary interaction, and for as long as others’ behavior in that interaction is consistent with this very principle, behave in such a way that the other participants are able to satisfy normal expectations about the consequences of the interaction for them.

If everyone acts on that principle, their actions together provide everyone with opportunities to realize mutual benefit.

The principle has many features that contribute to its psychological stability (i.e., its tendency to generate its own support):

- *Reputation*
- *Translucency*
- *Psychological costs of conforming to the principle*
- *Mutual sanctioning*
- *Norm avoidance*

What if people conform to the principle for the ‘wrong kind of reasons’? What if people don’t have pure motivations?

Sugden: “[I]f one thinks in contractarian terms, asking about individuals’ true motivations is a question too far.”