The I & We paradigm

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In this paper I summarize some of the key themes from my recent book The Moral Dimension (Etzioni 1988). The themes are, of course, developed much further in the book than here and illustrated by a wealth of empirical evidence. The essential message of the book is that the old neoclassical paradigm is not so much being replaced as encompassed by a new paradigm, one that draws on many critical works and partial alternatives of the past decades. As with most paradigms, the new I & We paradigm is not born in maturity, but its basic structure is apparent. The new paradigm arises from the old one on three axes: the assumptions about the goals people pursue, the ways they pursue them (the means-selection) and the characterization of the acting unit – is it a solitary person or a person embedded in a community?

Selection of goals: the deontological position

The neoclassical paradigm assumes that people have one overarching goal: the satisfying of their wants. Historically, these wants were depicted as materialistic; more recently, satisfaction derived from other sources has been added, such as the pleasure gained from helping the poor, but the core concept remains self-centred and hedonistic and Me-istic: people are propelled by their wants, their self-interest, their profits. Research in this tradition further assumes that a person’s various ‘tastes’ can be neatly ordered into one unitary pattern of desire, with a common denominator to ‘trade-off’ various items (apples for oranges, etc.), a notion at the heart of economics. In contrast, my finding is that people have several wants, including the commitment to live up to their moral values, and that these wants cannot be neatly ordered or regulated by prices. This finding provides a starting point that is fundamentally different from that of the neoclassical premises. From this different starting point we can launch a fresh study to understand individual behaviour, economic and otherwise, to study society and the economy within it.

The I & We paradigm assumes a divided self, which does have the hedonistic urges assumed by the neoclassical paradigm (albeit those too are affected by the values of the society in which the person lives). However, far from mindlessly pursuing these desires, the person is viewed as a judging self which examines its urges and evaluates them by various criteria, the most important of which are moral/social values. (Aesthetics is another source of criteria.) A struggle ensues: under some conditions urges win out; in others, morals triumph.

There are many ways of classifying ethical positions. That explored in The Moral Dimension is moderately deontological, where a deontological position is the notion that actions are morally right when they conform to a relevant principle or

duty. Deontology stresses that the moral status of an act should not be judged by its consequences, the way utilitarians do, but by the intention. Moderate deontologists take consequences into account but as a secondary consideration.

The significance of incorporating this moral dimension into the concept of human nature is that it is perhaps the most important feature that separates us from animals. Our moral commitments and our urges do not often pull us in the same direction. Much of human life is explainable as a struggle between the two forces, and a study of the conditions under which one or the other prevails. Much evidence to this effect can be found in The Moral Dimension and need not be repeated here (Etzioni 1988: 52–63); however, even a modicum of introspection provides firsthand evidence of this significant, perpetual inner conflict. Those who never experience such conflict are either born saints – or utterly debased.

**Selection of means: values and emotions**

Having resolved the conflict and decided upon a goal, how does a person go about selecting a course, the means to the goal? Neoclassicists say, rationally, that is by using empirical evidence and logical inference. Hodgson in the previous paper has discussed some of the problems with this approach, but it is also contradicted by the observation that most choices are influenced heavily by normative/affective (N/A) factors, that is by people’s values and emotions. These factors shape to a significant extent the information that is gathered, the ways it is processed, the inferences that are drawn, the options that are considered and the options that are finally chosen.

Entire categories of means, whether ‘efficient’ or not, are judged to be unacceptable and automatically ruled out of consideration. Thus, most reasonably competent daughters and sons of the American middle class consider it unthinkable not to attend college. About a third of those entitled to collect welfare refuse to apply, because ‘it’s not right’. Furthermore, emotions (e.g. impulse) cut short deliberation (when it does occur). While emotions and values have often been depicted as ‘distorting rationality’, which they can do, they also agitate against using means that may be efficient in the narrow sense but are indecent or hurtful to others or the community. Furthermore, Pieters and Van Raaij show that N/A factors can often play a positive role in decision-making, especially by mobilizing or inhibiting action or generating or communicating information (Pieters and Van Raaij 1987). In short, the moral order deeply affects not merely what we seek to accomplish but also the way we proceed.

**The individual in community**

The neoclassical paradigm draws on and contributes to the Whiggish tradition of investing all moral rights in the individual; the legitimate decision-maker is assumed to be the individual. All attempts to modify the person’s tastes are viewed as inappropriate interventions (hence the term ‘consumer sovereignty’). Moreover, the government is usually blamed for attempts to redirect individuals, and such redirections are treated as intrinsically coercive. In contemporary terms, the neoclassical paradigm is essentially libertarian.
A recent philosophical trend, the communitarian movement, attempts to correct this radical individualism. Communitarianism builds on the observation that individuals and communities are mutually dependent, and that certain ‘public goods’, not just the individual, are fundamentally of merit – for example, defence, basic research, public education. Some extreme communitarians entirely neglect individual rights in the name of societal virtues, the motherland or some other such cause. A much more defensible position may be found in recognizing that both individual rights and duties to the community have the same basic moral standing, hence, the I & We paradigm. It follows, for example, that we need to both recognize the individual right to a trial by a jury of peers, and the individual’s obligation to serve on a jury; to be defended, and to pay for defence; to benefit from the savings of past generations, and to save for future ones.

The voice of the community is typically moral, educational, persuasive, that of peers and leaders. If coercion is relied upon, this indicates that the community has been weakened, with too many members engaged in activities previously considered unthinkable. The more effective policy is not to enhance the government but to rebuild the social and moral community. This shift starts with a change of paradigms, from the neoclassical to a new approach that encompasses rather than ignores the concept of community, one that balances (not replaces) individualistic tendencies with concern for community, and one that reaches beyond the realm of material incentives and sanctions to the role of values, particularly shared values, as long as they are freely endorsed and not imposed.

Empirical work on the role of community has shown unequivocally that social collectivities are major decision-making units, often providing the context within which the individual decisions are made. Moreover, in many areas collectivities, if properly structured, can both render more rational decisions than their individual members (though not necessarily highly rational ones) and account for more of the variance in individual decision-making than do individual attributes (see Etzioni 1988: 186–98 for discussion and references).

Another crucial function of community is to contain the conflict and limit the scope of market competition. This social context is not merely a source of constraints on the market but a precondition for its ability to function. Three types of elements encapsulate and sustain market competition in this way:

- Normative factors, such as a commitment to fairness in competition and trust that this commitment will be shared by others.
- Social bonds, reflecting the fact that competition thrives not in impersonal calculative systems of independent actors unbound by social relations, as implied by the neoclassical paradigm, not in the socially tight world of communal societies, but in the middle range where social bonds are strong enough to sustain natural trust and low transaction costs, but not so strong as to suppress exchange orientations.
- Governmental mechanisms as the arbiter of conflicts, where normative factors and social bonds have proved insufficient constraints, and the enforcer of judgments. These crucial governmental roles illustrate the need to move beyond the conceptual opposition between ‘free competition’ and ‘government
Intervention’, which implies that all interventions are by a government, that all interventions are injurious and that unshackled competition can be sustainable.

Implications of the I & We paradigm

Once the foundations of the I & We paradigm are in place numerous implications follow. I provide here a few examples, derived from the fuller list in The Moral Dimension (Etzioni 1988: 237–51). Many of the implications have yet to be worked out.

1. Research implications: It is productive, for explanatory and predictive purposes, to take into account both hedonistic urges and moral commitments, when studying human behaviour. For instance, to understand the level of compliance with tax laws we need to know how high the tax rates are (a neoclassical factor) and the extent to which people consider the tax system unfair. To understand why people conserve energy, we need to know both of changes in oil prices, and if people believe that conservation helps their country and the environment, and so on.

2. Policy implications: How might the I & We paradigm lead to developing public policy? Take the widely agreed upon observation that Americans save too little. Economists recommend various public policies to enhance savings and reduce consumption. One policy in the United States is to curtail Federal expenditures (a major source of consumption), another is a tax on consumption. Both policies have a cost. The first may cause a recession, which exacts huge human and economic costs. We have had four induced recessions since 1970. The second policy is regressive; it beats up on the poor. That these policies have costs does not mean that they are necessarily undesirable but it points to the merit of at least also drawing on other measures. A fuller policy would emphasize being in debt as socially undesirable behaviour, one that undermines our collective well-being and threatens our future – this was the way debt was perceived until the 1950s. The President, community leaders and educators would all play a role in changing the community’s perspective.

3. Education and public implications: More is at stake than criticism of a paradigm of science; there are educational effects on the youth and on the public. Neoclassicists teach each year millions of high school and college students a paradigm that, as economist Robert Solow puts it, ‘underplays the significance of ethical judgements both in its approach to policy and [in] its account of individual and organizational behaviour’ (Solow 1981: 40). Neoclassical textbooks are replete with statements such as ‘the rational thing to do is to try to gain as much value as I can while giving up as little value as I can’ (Dyke 1981: 29). They discuss the Bible and dope as two interchangeable consumer goods (Kamerschen and Valentine 1981: 82), and view children as ‘durable consumer goods’ (Becker 1976: 169). One wonders about the effect on the attitude of potential parents toward children, if they are taught systematically to think of their offspring as a trade-off to other ‘goods’, such as cars?

As Brennan and Buchanan wrote, ‘the economist’s way of thinking . . . involves, in many cases . . . a sort of cultivated hard-nosed crassness towards anything that smacks of “higher things of life”’ (Brennan and Buchanan 1982: 6). This orientation
is illustrated by studies that suggest duelling is an efficient way of settling disputes, question whether the costs of preventing hijacking are worth the expenditures, and ‘show’ that it is more efficient to buy and sell babies on an open market than it is to regulate adoption, with its attendant black market (Wermeil 1984: 64).

A study of the educational effects of neoclassical teachings shows that students become more self-oriented, just as they may become more rational in their decisions. Such effects are evident in a series of free-ride experiments conducted by Gerald Marwell and Ruth Ames (1981). In eleven out of twelve experimental runs most participants did not free-ride and contributed from 40 per cent to 60 per cent of their resources to the ‘group pot’. However, a group of economics graduate students contributed only an average of 20 per cent.

Beyond the effects on students are those on the general public. Here, too, the prevailing neoclassical approach to moral values tends to debase them. All societies set aside certain areas as ‘sacred’. To make the public think about these sacred areas in cost–benefit terms ‘secularizes’ them, strips them of their moral standing and ultimately causes them to be treated as neoclassicists say they are. For example, to create a market for rights (e.g. selling permits to pollute) undermines taboos against certain behaviours; it normalizes them, hence makes them less costly and more common.

All this points to the fact that more is needed than the documentation of the role of moral values and community. We need also to include these factors in our teaching and public philosophies. In so doing, we are not opening the door to the imposition of a unitary set of values but strengthening those individuals who are committed to moral values and to developing public policies that are caring and decent.