



Samuel Bowles

“The Moral Economy: Why Good Incentives
Are No Substitute for Good Citizens”

7th Munich Lecture in Business Ethics

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Vorhoelzer Forum, Technical University of Munich, Main Campus,
Arcisstr. 21, 80333 Munich, 5th Floor, Room 5170, Southern Terrace



It is widely held today that in designing public policy and legal systems, we should assume that people--whether citizens, employees, business partners, or potential criminals--are entirely self-interested and amoral. Given this assumption's currency in legal, economic, and policy-making circles, it may seem odd that nobody really believes that people really are like that. Instead, the assumption of amoral self-interest has been advanced on grounds of prudence, not realism.

But it is anything but prudent to let *Homo economicus* be the behavioral that underpins public policy. There are two reasons. First, the policies that follow from this paradigm sometimes make the assumption of universal amoral selfishness more nearly true than it might otherwise be: People sometimes act in more self-interested ways in the presence of incentives than in their absence. The reason, however, may not be incentives *per se* but instead the pursuit of economic aggrandizement and control with which they are frequently associated. Second, fines, rewards, and other material inducements often do not work very well. No matter how cleverly designed, incentives cannot alone provide the foundations of good governance.

An erosion of the ethical and other social motivations essential to good government could be an unintended cultural consequence of policies that economists have favored, including more extensive and better-defined private property rights, enhanced market competition, and the greater use of monetary incentives to guide individual behavior. I show that these and other policies advocated as necessary to the functioning of a market economy may also promote self-interest and undermine the means by which a society sustains a robust civic culture of cooperative and generous citizens and may even compromise the social norms essential to the workings of markets themselves.

Even more than in the past, high-performance knowledge-based economies today require the cultural underpinnings of social norms. Among these is the assurance that a handshake is indeed a handshake; where one doubts this, mutual gains from exchange may be limited by distrust.

SAMUEL BOWLES, (PhD, Economics, Harvard University, 1965) is Research Professor at the Santa Fe Institute where he heads the Behavioral Sciences Program. He taught economics at Harvard from 1965 to 1973 and since then at the University of Massachusetts, where he is now emeritus professor and at the University of Siena. His studies on cultural and genetic evolution have challenged the conventional economic assumption that people are motivated entirely by self-interest. Recent papers have also explored how organizations, communities and nations could be better governed in light of the fact that altruistic and ethical motives are common in most populations. Bowles' is now engaged in theoretical and empirical studies of political hierarchy and wealth inequality and their evolution over the very long run.

His scholarly papers have appeared in *Science*, *Nature*, *New Scientist*, *American Economic Review*, *Theoretical Population Biology*, *Games and Economic Behavior*, *Journal of Theoretical Biology*, *Journal of Political Economy*, *Quarterly Journal of Economics*, *Behavioral and Brain Science*, *Philosophy and Public Affairs*, *Journal of Public Economics*, *Theoretical Primatology*, *Proceedings of the National Academy of Sciences (USA)*, *Harvard Business Review*, *Journal of Economic Literature*, *Journal of Economic Perspectives*, *Current Anthropology*, and the *Economic Journal*.

His recent books include *The Moral Economy: Why good laws are no substitute for good citizens* (Yale University Press, 2016), *A Cooperative Species: Human reciprocity and its evolution* (with Herbert Gintis, Princeton University Press, 2011), *The new economics of inequality and redistribution*, (Cambridge University Press, 2012), and *Microeconomics: Behavior, Institutions and Evolution* (Princeton University Press, 2004). He is currently working on *Equality's Moment: The origins and future of economic disparity and political hierarchy* and *Microeconomics: Competition, Conflict, and Cooperation* (a text for 2nd year undergraduate micro co authored with Duncan Foley and Simon Halliday).

He has also served as an economic advisor to the governments of Cuba, South Africa and Greece, U.S presidential candidates Robert F. Kennedy and Jesse Jackson, the Legislature of the State of New Mexico, the Congress of South African Trade Unions, the Pontifical Academy of Science (Rome), and South African President Nelson Mandela.

With *CORE* (Curriculum Open-access Resources for Economics) he has developed a new free online curriculum for undergraduate economics (www.core-econ.org).

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