

Rubin's Emporiophobia

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Upon a request from the president of the southern economics association to a gathering of the Southern Economics Association for the members of the association to reduce their use of the word competition and replace it with what he considered to be the more apt term, cooperation, I had a mildly negative reaction to the notion and this article is a summary of that reaction, as it relates to individual wealth and the role of governments and corporations in the attainment of such wealth. Having enough wealth to participate in economic exchanges should inspire us to drill deeper on the definition of wealth before we are lured into opting for the definition imposed upon us by the culture in which we are bound. This article takes on that challenge of more defining wealth in a way that defies assumptions made by economists such as Rubin.

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INTRODUCTION

The most fundamental economic act is the transaction. This may be a barter transaction (beaver for deer), a simple consumer purchase from a grocery store, or a sophisticated merger involving lawyers and other parties (including economists), but in each case the act is a transaction. Moreover, as economists, we know that all parties expect to benefit from a transaction, or else it would not occur. Thus, a transaction is a cooperative act -- an act benefitting all who voluntarily participate in it." From Paul Rubin's Presidential address to Southern Economics Association, 2013, entitled: Emporiophobia (fear of Markets): Cooperation or Competition? (Rubin, 2013).

When I read this address, printed in the Southern Economics Journal, and particularly that line: "an act benefitting all who voluntarily participate in it," I was reminded of the scene from the Godfather, in which Don Corleone, the Godfather, played by Marlon Brando, assures his godson, singer Johnny Fontane, played by Al Marino, that he will make the movie director who has been refusing to give Fontane the role in a film that would revive his failing career, "an offer he can't refuse." His statement is ironic, since it echoes a line from a 1934 film called Burn 'em up Barnes in which a character says: "I'll make her an offer she can't refuse." In the latter film, the offer will be lots of money. In the Godfather, the director wakes up with his prized thoroughbred's head in bed next to him; and thus, agrees to give the role to Johnny Fontane.

In his presidential address, Paul Rubin repeatedly asks economists to start using the word cooperation more and the word competition less, because overuse of the word competition is giving free markets a bad name. In other words, tell the poor they are poor because they have nothing to sell and that when they get something they can sell, they can cooperate with others in the economy. And they are to tell the rich that they did not get their fabulous fortunes because they competed better, but because they cooperated better. Using this logic, if anyone asked Johnny Fontane how he got the role in the movie, he could have said: I

cooperated better than the others who were up for the role. Just think how sinister that would be, if you knew the backstory. If you knew that what he meant by cooperation was that he leveraged the part out of the director by threatening the director. Does Paul Rubin really expect us to believe that the rich never get there through legalized extortion and that the poor are often the ones legally extorted by others? Rubin's address gave me the chills almost as much as watching the Godfather did.

We live in a world where the powerful play word games such as the one suggested by Paul Rubin – turn competition into cooperation, sort of the way Corleone turned extortion into an offer. But the deception does not end there. The internet has turned everyone who wishes to be, a lay journalist. Anyone can post to a blog and make claims of truth for whatever point of view they wish to advance.

Tax cuts for corporations is a good example of how government intervention in markets, decried by neoliberal economists – in this case through the tax code- benefits those capitalists. After they walk away with tremendous sums of money because they successfully lobbied congress for these cuts, will they stop complaining about government intervention in our lives? No, of course not. They will simply continue to be angry that they are paying any tax at all and push back against any sort of regulation. Do those who are in agreements or transactions with them, such as employees, competitors, suppliers, distributors and so on, have the same power to leverage governmental institutions? Of course not. But Paul Rubin and other economists of that stripe would have us believe that what is occurring is pure economic cooperation and each of the “cooperators” is on an equal footing with all the others. From a Bloomberg analysis it has been estimated that 60% of the tax-code change gains go to shareholders and 15% to employees.

Are any of us naïve enough to believe that any economic transaction, cooperation, as Rubin would call it, is actually occurring between the two principals with no other relationships either of them may have behind the scenes, making things better for one and worse for the other?

Washington, DC teems with lobbyists operating behind the scenes, completing transactions, quasi-financial or if the truth ever came out, perhaps completely financial – bribes in other words- that the rest of us have no idea about. Meanwhile what is the average consumer or citizen left with? One option we have is the boycott. But this option is not exclusively in the purview of the consumer. It is also available to the corporation, NGO or other institution.

Consider the events surrounding the NRA, after the school shooting in Parkland, Florida. Victims and their families, taking to twitter, called for boycotts of companies that give discounts to NRA members. Many of these companies were quick to end their discounts for NRA members. This led to a backlash against those companies, with people saying they were going to boycott any company that did away with their discounts for NRA members.

What we are seeing here is what you might call a macrocosm of the microcosm that goes on in Washington, DC. People on capitol hill must be quite familiar with this sort of tit for tat. What happens in a quite public way on twitter and Facebook, happens constantly in the halls of congress and in state houses of government.

Most transactions are far more complex than two principals negotiating a price. Most prices are set before the transaction begins and there is never any way to be sure that what is paid by the buyer matches the value of what is sold by the seller.

Also, many different transactions have occurred to set the price, to determine how much capital the buyer will have available to use in the transaction, whether a person is an eligible buyer or not and whether the seller is subsidized or otherwise financially enabled or not. In the case of complex webs of transactions among consumers, corporations and NGOs, things can get messy, as we saw after the shooting incident at a high school in Florida, where seventeen were killed and a “marketplace furor” erupted as a result.

Delta Airlines is no longer going to give discounts to NRA members and a host of other companies have done the same thing, or otherwise dropped association with the NRA. Kroger, Wal-mart, Dick's Sporting Goods and LL Bean, have said they will no longer sell guns to people under 21 and that they will no longer sell assault-type weapons. This is due to the complicated relationship among such organizations as the NRA, a high school in Florida where 17 students were shot and killed, and the host of organizations caught between the NRA and the student gun-control movement. The students and some of the

organizations are using what has been referred to as “strong reciprocity” to make it so transactions are more “cooperative” and less “competitive,” to use Rubin’s terms.

Strong reciprocity – the ‘willingness to sacrifice resources for rewarding fair and punishing unfair behavior even if this is costly and provides neither present nor future material rewards for the reciprocator.’ (Fehr et al. 2002, p. 2).

Not only are many transactions between employers and employees or companies and customers, not amiable and mutually beneficial transactions, many of them are hotly contested; so much so that sometimes the offended party will be willing to sacrifice resources for rewarding fair and punishing unfair behavior, even if it is costly and provides neither present nor future material rewards for the reciprocator. This is what Fehr et. al. (2002) referred to as strong reciprocity.

Sometimes, what Rubin calls cooperation, goes so far as to strain the definition of the term. Is it cooperation when one person is beholden to the other, or one person is greatly disadvantaged in the transaction? Let us consider the issue of wealth. If one person is wealthy, for example, and the other is not, what affect does this have on the “cooperative” nature of any transaction between them?

THE NATURE OF WEALTH

If two people involved in a contractual agreement are on equal footing, then yes, the resulting transaction will likely be mutually beneficial. However, if person A is in a relatively compromised position entering the negotiations, that person will likely not benefit as much from the transaction, especially if person B knows in advance of the compromised position of person A. It is through the window of unequal starting positions, that power rushes in. If person A is unhealthy, has a pre-existing condition that is, and wants to purchase insurance offered by person B, then person B may charge person A more for her premium, further disadvantaging a person who is already disadvantaged by her health issue.

In the marketplace, person B would be considered justified in charging more, because she is sharing the risk of future high healthcare costs and must charge for this risk-taking action. However, through government regulation or the lack thereof, it might even be possible for person B to deny a policy to person B, due to the pre-existing condition. In this case, person B faces a possible financially catastrophic, as well as an uncertain physical future due to the condition.

Suppose unhealthy person A is bankrupted by enormous medical bills due to having no insurance because she could not get it due to her pre-existing condition; then when it comes time for her to buy a new car or pay for other things in her life, Professor Rubin has no interest in how she came to have “little to sell” in the marketplace, that is, he has no interest in the particulars of how she became poor. He would admonish her to get education, so that she could stop being poor. In fact, she has gotten a good education in how economics is far from mutual cooperation and much more like one person putting horse’s heads in the beds of the other person.

From this example, we can see that health and wealth are intertwined. Is wealth a measure of health (Rossouw, Bago, et.al., 2018) Some bemoan the fact that health is reduced to nothing more than wealth, while others have few qualms about claiming that to gather wealth is the ultimate sign of personal health. At the level of the nation-state, some believe in the supremacy of the Gross Domestic Product (GDP) as a measure of national well-being or health. Others would say that the GDP includes too many unhealthy things (e.g. dead-bolt locks) and excludes too many healthy things (children who provide loving, but free, care for elderly parents), to be the best measure of quality of living. So, clearly, there is debate of a political and religious nature, that centers around how collective and even personal health should be defined.

In the language of individual health, our current greatest national wealth problem is a bi-polar disorder. Can a nation’s economy be healthy if so many are being left behind, while so many are becoming wealthy? It seems inevitable that social problems will ensue if we do not find at least a medicine for this bi-polar disorder, if not an actual cure. Staying with this notion of overlap between health and wealth, it might be useful to focus on personal, organizational and societal wealth, as ways of measuring health. It really does not matter that much whether we treat wealth as a proxy measure for health or as a metaphor. It is easy

enough to think of forms of wealth other than the material, which ultimately blurs the distinction between wealth and health and turns them into synonyms.

Consider the issue of personal wealth. Certainly, finance is a part of the picture, but so too are the social, physical, emotional and spiritual. Social wealth is indicated by bountiful, supportive relationships among family, kin, community and other groups. Physical wealth, what we call health, is the joy and hope that comes from a feeling of personal well-being. Emotional wealth is a fullness that comes from knowing that you are mentally sound, that your feelings can be trusted and that they are personally and socially productive. Spiritual wealth comes from a sense of trust in the future, that everything will “come out in the wash.”

From an organizational standpoint wealth can be categorized into financial, social, natural, ethical and political. Financial wealth of an organization has to do with current equity and future estimations of growth and solubility. Social wealth comes from internal and external relationships characterized by persistence in the face of disruption, by loyalty and by trust. Natural wealth has to do with the organization’s position in an ecology of other organizations. Natural wealth centers around sustainability of resources due to current and planned resource utilization. Ethical wealth comes from a tradition of making decisions that optimize the organization’s outcomes in the context of what is just for individuals, the firm and its environment. Political wealth is the return from the goodwill the organization has spread among its customers, competitors, labor force and other constituencies.

Societal wealth can be viewed from economic, social, political, natural and heritability perspectives. Economic wealth is that which is measured by the Gross Domestic Product. Social wealth would be the degree to which family, organizational, civic and public institutions promote healthy lifestyles and nurturing relationships. Political wealth can be thought of in terms of the numbers of indicators and guarantors or a free and civil society. Natural societal wealth has to do with the care and oversight given to the use of natural resources and the prospects for the protection of those resources in the future. Heritability is a form of wealth that has to do with that which is being left for trailing generations.

PERSONAL FINANCIAL WEALTH

Those who have win lotteries or are included in wills, so that their fortune comes all at once, are no doubt simultaneously blessed and cursed. The more common reality is represented by those who work a life-time to achieve financial security, approaching but never securing that for which they dream. This struggle for financial wealth is a central part of modern life and it is likely to remain so for the majority of people. However, I would submit that it is optimum to include the pursuit of financial wealth with others, to create a balanced pursuit of general life wealth.

PERSONAL SOCIAL WEALTH

One of the dangers of economics is that it can seduce us into judging every relationship on its utility. Friend, stranger and foe, all are judged for their usefulness to us, using the logic of economics to talk about other forms of wealth. We will therefore need to extricate ourselves from economic language if we are to ever understand the value of personal social wealth. In economic terms it makes no sense (or cents) to retain a close relationship with that brother who on the whole, costs us more than he benefits us. When he comes to visit us, we take him out to eat at an expensive restaurant. When we go to visit him, we also take him out to eat an expensive restaurant. All the cash is flowing away from us. Using pure economic language, the relationship makes sense for our brother, but it is foolish for us.

What if we escape the language inasmuch as it includes money? What if we merely talk about our relationship in cost-payoff terms? This would have us wondering about whether we should continue to see him because his wife is a drag on our emotional state, or his kids scream all the time, which reduces our quality of life for the duration of the time we are together. On the other hand, my wife is pleasant and my child is easy to be around. So from even this noneconomic standpoint, the relationship is one-sided. Our brother is obviously getting the better end of the deal.

This is dangerous and fallacious reasoning, however. Considering every relationship in terms of what it brings in and what we must give out, is ultimately destructive of our own personal happiness and certainly of attractiveness of our personality.

The Buddhist have a practice called Tonglen (Josipovic, 2016), which involves meditating and practicing around the notion of taking evil, corruption, disorder into yourself when you inhale, while exhaling that which is wholesome, pure, and orderly back out into the world. This perspective shows the economic requirement placed on most relationships to be the selfish point of view that it really is. Are we here to get or are we here to give? That is a fundamental question.

What happens when we give out good and take the bad into ourselves? We become decreasingly selfish and increasingly approachable, decreasingly rapacious and increasingly nurturing. Now, if you want to extrapolate from the individual level to the collective level, as is so often done in the world of economics, and also borrowing from Kant's Categorical Imperative notion, if everyone were to practice Tonglen, the suffering in the world would be eliminated. The only thing left for humans to practice Tonglen on would be nature itself, because other human beings would have ceased to be a source of problems to inhale.

If the logic of economic exchange is negative when applied to relationships, in that it maximizes the selfishness in the world, then Tonglen would be positive in that it maximizes selflessness. What if, on the other hand, we decided to remain neutral on the issue of taking and giving? What if we acknowledge the fact that relationships are valuable because they afford us companionship and a mosaic of rich human experience? Since thinking of relationships in economic terms is selfish and thinking of them in terms of Tonglen might be almost too idealistic, perhaps we could settle for the comfortable middle, where we view relationships as interesting, instructive and full of gemlike properties. It is as if we can see a lump of gold as inherently precious while we are unable to see the same property in our relationship with our own brother.

Personal social wealth can be palpable. Can you recall times when you have entertained successfully? Maybe it is a group of couples from a club, church or where we work. One by one they get up and leave, until all are gone. The feeling of peace and adjustment that comes over you as the evening winds down, offers your socially hungry soul refreshment. Those who hunger after financial wealth, must get a similar feeling from reading a bank statement that shows a fabulously large balance, allowing them to have, as Paul Rubin would put it, "something to sell" in the marketplace.

The rush to create measures of quality of life is widespread and furious. An apparent assumption among social activists and scientists alike, is that if we develop quality-of-life criteria commensurate to the Gross Domestic Product (GDP) that the issues beneath these criteria will be taken with similar seriousness. There is reason to believe that such might be the case. The Genuine Progress Index (GPI) (Baker, 1999) developed by Indicator Programs at Redefining Progress, a San Francisco-based policy organization, is considered a breakthrough especially by environmentalists. The assumption is that measuring a problem is a key first step toward solving it.

For several years now, many scientists and others concerned with social and environmental well-being, have advocated a more nuanced alternative to the GDP. As it is, social ills and environmental spills get lumped in with all that is good in the GDP. The cost of cleaning up environmental mistakes makes the GDP go up, the same as the manufacture of goods and services.

Economic health is virtually synonymous with economic wealth. The Portland, Oregon-based EcoTrust, is one a small but growing number of organizations using economic measurement tools for conservation purposes. The mission statement of this company includes this statement: "The development of a conversation economy is ad deeply 'conservative' strategy. Just as a reasonable businessperson will seek to grow his or her asset base and live off current income instead of debt, conservation economics seeks to preserve and grow the natural capital ...to live off income instead of 'eating our seed corn,' and to build as much new wealth as possible on increasing knowledge." (Baker, 1999).

It is at least ironic, if not downright sad, that we humans must be first convinced of the impact of health, a direct measure of well-being, on wealth, an indirect measure of well-being, before we will take health seriously. We have become slaves of wealth and must translate every issue, even our own health and that of our planet, into currency as a way of measuring its importance. As most activists have learned, this reality

is workable. This understanding has led to a mad rush to define and measure various quality of life variables in a way that can easily be understood in terms of wealth.

The only danger in considering the purpose of modern life to be the creation of wealth, would be if we narrowly defined wealth to mean economic capital. Using a definition of wealth broad enough to encompass more than money, individuals, organizations and societies all have essential, non-monetary wealth-creation challenges. A few years back, E.F. Hutton ran television commercials that always ended with everyone in rapt attention to the (always well-dressed) person who had just said that his or her broker was E.F. Hutton and E.F. Hutton said... . In that vein, perhaps if we use the term wealth rather than well-being or health, we will get a more attentive audience for some of the most important issues humans face at the end of the beginning of the 21st century.

Extending the definition of wealth is not just a matter of semantics. Rather than looking for a correlation between financial statements and other variables, the redefinition of wealth, permits these other variables to be considered important in their own right. Using this broad definition, individual wealth involves matters financial, social, physical, mental and spiritual. Organizational wealth includes issues the financial as well as the social, natural, ethical and political. Societal wealth, redefined, would include, along with the financial, the political, social, natural, and heritability.

THE CREATION OF INDIVIDUAL WEALTH

Lester Thurow (1999) maintains that private wealth is not obtained by saving or even investing, but rather through entrepreneurial ventures into growing technologies. This, of course, means that the old adage, it takes money to make money, is even truer than ever, if the money must come from the entrepreneur. However, if the entrepreneur is able to assemble enough capitalists, she might just be able to leverage her way into real financial wealth. Could it be that we are seeing the return of the old-fashioned capitalists, people who do not work, but simply let their money work for them? This certainly appears to be the case. Capitalists have a choice to either play entrepreneur themselves or to finance another person's venture.

There is alas, more to individual well-being than financial wealth. Poverty or wealth can exist in the social realm also. The specialization of careers caused by both the industrial and informational revolutions has made it less likely those living in the same cove of a subdivision will share an occupation, and consequently, virtually anything else. To the detriment of our social lives, we live in organizational societies (Presthus, 1958). In the postmodern world, society is so dominated by organizations, that the satisfaction of individual social needs is often subordinated or even replaced by financial and material gratification. In organization-rich societies individuals are more apt to be required to focus on production and consumption than on socialization.

Reflecting for a moment on Maslow's (1943) needs hierarchy, social needs are more basic than production or consumption if production and consumption are merely matters of self-esteem or self-actualization. If production and consumption are matters of survival, which they essentially have become in a society dominated by organizations, then social needs may not even be invoked, since most of the individual's time and energy is devoted to the more basic, survival, production and consumption needs, having something to sell in the marketplace, in other words – to keep those transactions cooperative.

Following this line of reasoning, only those whose survival needs are met, those who have a secure source of employment and sufficient income for consumption, will have any time or energy left to seek fulfillment of their social needs. This can be seen most literally, when you look at the number of adults in our society who work two or three jobs, so that the family can consume at the desired level, or in some cases, have enough to eat. These people literally have no time to pursue social-need fulfillment.

Some people are fortunate enough to have work that helps them feel socially satisfied. These people score high on the Engagement in Meaningful Work Scale (EMWS). They are found to feel less stress and to be more likely to engage in problem-focus (approach) activities in their work, rather than in an emotion-focus (avoidance) behavior (Treadgold, 1999). Although the study has not been done, if in fact those who score high on the EMWS are more likely to engage in adaptive problem-solving activities in their work, it

stands to reason that they would be healthier by a wellness definition of health. Patrick and Erickson (1993) define the Health-Related Quotient of Life (HRQOL) as including five domains: death and duration of life, impairment, health perceptions, opportunity (capacity for health), and functional status. Those who perceive their jobs as meaningful (high on the EMWS) and who are consequently more likely to engage in adaptive behaviors performing the job, are likely to score high on the functional status part of the HRQOL.

CONCLUSION

There is no corporate counterpart for the social wealth created when people cooperate for their mutual benefit. Rubin's corporate cooperation might more aptly be referred to as collusion. Owing to our great reserves of spirit and goodwill, when human needs are met, this satisfaction is often achieved despite the requirement of our American culture give up our own needs to meet the needs of the organizations for which we work and from which we buy the goods that are supposed to make us happy. Fully two thirds of the US economy is household spending. This is a condition poorly suited for the pursuit of happiness, unless governments and allied corporations are also people in the sense that they too can be happy.

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