Relational Goods

A new tool for an old issue

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Abstract

Contemporary economics and social sciences are rediscovering, hugely, the issue of happiness. Nevertheless, the kind of happiness discussed in current economic theories is far removed from the classic idea of happiness, which was tightly tied to the virtues and quite distinct from pleasure. In particular, it is very different from Aristotle and his idea of happiness, or eudaimonia, and is closer to Jeremy Bentham's idea, who considered happiness to be just another word for pleasure. This paper discusses an idea of happiness as eudaimonia, by linking human well-being to relational goods.

Keywords

Happiness; economics; eudaimonia; Relational goods.

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Introduction

Contemporary economics and social sciences are rediscovering, hugely, the issue of happiness. But, the kind of happiness discussed in current economic theories is far removed from the classic idea of happiness, which was tightly tied to the virtues and quite distinct from pleasure. In particular, it is very far removed from Aristotle and his idea of happiness, or *eudaimonia*, and is closer to Jeremy Bentham's idea of happiness, who considered happiness to be just another word for pleasure. The Aristotelian tradition instead identified happiness with the supreme good or the ultimate end of life, a concept primarily translated today as human flourishing, to distinguish it from happiness. This is why happiness has a nature that in the Aristotelian tradition is both civil and fragile.

It is on this point that the ideas of happiness for ancients and moderns (or at least many) profoundly differ. Happiness for modern economists in fact coincides with hedonistic pleasure, with no reference whatever to the constitutive fragility of the good life. The paradoxes of happiness, however, are decrying the deception of such a happiness-pleasure concept. If the extension of the market reduces the quality of interpersonal relationships, and if economic ties erode other social ties, then goods can become evils, bringing not well-being but ill-being. The relationship between happiness and aspects of family life is a highly significant empirical fact in this regard: if being married is markedly associated with subjective happiness, then being divorced, or even more, being separated, is the main cause of unhappiness, which counts more than being unemployed or having huge reduction in household income

One of the indicators that signals a crisis in neoclassical economic theory today is its inability to account for intrinsically motivated human relationships. In particular, in conventional economic science there is no room for non-instrumental relationships, thus there is no room for relationships that are now called 'relational goods'. The reason for this inability is readily stated: relational goods emerge (as we will soon see) from non-instrumental motivations (or gratuitousness), but neoclassic economic theory treats goods as means, never as ends in themselves. Contemporary economics sees only individuals who choose, ignoring the relationships they establish. Relationships are considered only in subsequent analysis, and consequently they can only be instrumental. If in economics we want to study non-instrumental relationships, and we must, then we need to have the right tools: a science is required that is immediately relational (without however becoming all-encompassing!). The problem, therefore, is not so much individualism, but rather solipsism and 'methodological narcissism'.

If one wants endorse an idea of happiness that is directly related to the classical Aristotelian and Thomistic tradition, the basic anthropological assumption of which is the necessity of non-instrumental relationships for a good or happy life[1]. This is why the key concept of such a theory of happiness, or human flourishing, is that of 'relational goods'.

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For a discussion of the nexus between happiness and relational goods, see Bruni (2012), on which also the present paper is based.

Relationships as goods

The category of relational goods was introduced into the theoretical debate nearly simultaneously by four authors: the philosopher Martha Nussbaum (1986), the sociologist Pierpaulo Donati (1986), and the economists Benedetto Gui (1987) and Carole Uhlaner (1989). Benedetto Gui (1987, p. 37) defined relational goods as "non-material goods, which are not services that are consumed individually, but are tied to interpersonal

relations". Carole Uhlaner (1989, p. 254) was on the same track when she defined them as "goods that "can only be 'possessed' by mutual agreement that they exist after appropriate joint actions have been taken by a person and non-arbitrary others".

These two economists call 'relational goods' those aspects of relationships that cannot be either produced or consumed by one individual, because they depend on the types and the motivations of interactions with others, and they can be enjoyed only if shared reciprocally[2]. In particular, Benedetto Gui (2002, 2005) proposed analyzing all forms of interaction as a particular process of production, which he called an 'encounter'. He suggested that in an encounter "between a vendor and a potential buyer, between a doctor and a patient, between two colleagues, even between two customers of the same store" (2002, p.27), beyond the traditional outputs (effecting a transaction, carrying out a productive task, or providing a service), other particular types of intangible outputs of a relational nature are produced, which are precisely these relational goods. In summary, for Benedetto Gui and Carole Uhlaner relational goods do not coincide with the relationship itself: friendship cannot be defined as a relational good, but it is a repeated interaction, a series of encounters and affective states, of which the relational good is but one component[3].

Martha Nussbaum, using the expression 'relational good' differently than Gui, defined friendship, reciprocal love, and civil engagement as three typical relational goods, goods in which the relationship constitutes the good: they are born and die with the relationship itself. For Nussbaum, a neo-Aristotelian philosopher who was also influenced by the thought of Amartya K. Sen and John Stuart Mill, relational goods are thus those human experiences in which the relationship itself is the good.

In every definition of relational good which we currently have, reciprocity is a fundamental dimension. Ultimately, in relational goods the why, the motivation that moves myself and the other, is an essential element (as Aristotle reminded us, the highest friendship that contributes to eudaimonia can never be instrumental, because it is a virtue)[4]. Robert Sugden, moving along the same theoretical lines as Gui, wrote: "The affective and communicative components of interpersonal relations are relational goods (or bads). I propose a theoretical strategy for analysing the affective component of interpersonal relations. The aim is to understand some of the mechanisms by which interpersonal relations generate affective states that are valued or disvalued by participants" (2005, p. 53)[5].

Martha Nussbaum's discourse on the fragility of relational goods is also important (1986, p. 344).

But in order to understand the peculiar nature of relational goods, the first methodological operation to perform is to getting rid of the (deep-rooted in economics) dichotomy between 'public goods' and 'private goods', and from the idea of a good as a mere means. In fact, as long as we try to situate relational goods among private goods (such as a pair of shoes or a sandwich, which are 'rival' and 'exclusive' goods in consumption) or, alternatively, among public goods (that is, non-rival goods, which tend to be non-exclusive), we remain within the non-relational paradigm. Neither of the definitions of 'private good' or 'public good' imply relationships between those involved. In fact, the only difference between the two types of goods is the presence or absence of 'interference' in consumption. The consumption of a public good is simply a consumption by isolated individuals independently of each other (consider the use of an uncongested road, or two or more people that admire the same painting in a museum, without the consumption of one interfering with the other); this is what is implied by the hypothesis of non-rivalry. I therefore consider misleading the attempts to locate relational goods among public goods; I tend to think of

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The economic approach to relational goods leads however to considering them as realities independent of the relationships themselves. Gui explicitly expresses this methodological purpose to preserve the continuity with economic science, which sees goods as realities that are distinct from acts of consumption. In his theory, which is by far the most developed from an analytic point of view, a relational good is thus distinct from subjective characteristics (that is, from the affective and motivational states of agents), though in recent work this distinction is more blurred (GUI; SUGDEN, 2005).

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The sociologist Pierpaolo Donati (2005) spoke of relational goods within a relational approach to social relationships, which claims to be different than the reductionist views of holism and individualism. In this context, relational goods are defined as the realities emerging from action; they are thus neither an effect of the choices of an agent, nor of the environment, but the product or effect of actual relationships, which can thus modify the wills of the agents. They are not reducible to the will of the agent precisely because of this feedback.

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This is why it is not very effective to resort to the traditional category of 'externality' to locate relational goods. Gui—and we with him—prefers not to do so, partly to retain the nature of 'good', also because non-intentionality is normally considered an essential characteristic in externalities; this is instead generally absent in relational goods, in that frequently a particular ambience or smile is specifically sought, perhaps at a cost.

relational goods as a third genus with respect to traditional economic goods, which are classed as 'private' and 'public'.

An attempt of synthesis

In light of the discourse above, and without claiming to have reconciled the different positions on relational goods that we have just laid out, it is possible to identify the following as the basic characteristics of a relational good (BRUNI, 2012):

a) Identity: the identity of the individuals involved is a fundamental ingredient. This is why Carole Uhlaner states that ""goods which arise in exchanges where anyone could anonymously supply one or both sides of the bargain are not relational" (UHLANER, 1989, p. 255)[6]. The relational good is a "identity dependent good" (BRUNI; STANCA, 2008).

b) Reciprocity: inasmuch as they are goods made of relationships, they can only be enjoyed reciprocally. "Mutual activity, feeling, and awareness are such a deep part of what love and friendship are that Aristotle is unwilling to say that there is anything worthy of the name of love or friendship left, when the shared activities and the forms of communication that express it are taken away." (NUSSBAUM, 1986, p.344, italics in the original).

c) Simultaneity: in difference with normal market goods, whether private or public, where production is technically and logically separate from consumption, relational goods (such as many personal services) are simultaneously produced and consumed; the good is co-produced and co-consumed at the same time by those involved. Although the contribution to the production of the meeting may be asymmetric (consider the organization of a party among friends or the management of a social cooperative), in the act of consuming a relational good a pure free rider is not possible, since, to be enjoyed, the relational good requires that one become involved in a relationship with the characteristics that we are listing[7].

d) Motivations: in genuinely reciprocal relationships the motivation behind the behavior is an essential component. Is a "motivation dependent good" (BRUNI; STANCA, 2008). The same encounter—for example, a dinner—may create only standard goods or relational goods as well, based on the motivations of those involved. If the relationship is not an end, but only a means to something else (e.g. doing business), we cannot talk about relational goods.[8]

e) Emergent phenomenon: the relational good emerges within a relationship. Perhaps the category of 'emergent phenomenon' captures the nature of a relational good more than the economic category of 'production'. Stating that it is an emergent fact highlights that the relational good is a 'third' that exceeds the contributions of those involved, which in many cases was not among the initial intentions. This is why a relational good can emerge within a normal market transaction, when at a certain point, right in the middle of an ordinary instrumental market relationship, something happens that leads those involved to transcend the reasons for which they had met.[9]

f) Gratuitousness: an essential characteristic of relational goods is gratuitousness, in the sense that a relational good is such if the

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Robert Sugden proposed an analysis of the "technology of relational goods" (and less about the inputs and outputs of the encounter) in terms of emotions and affective states, thus going beyond the classic theory of rational choice wholly centered on preferences and beliefs. Sugden constructed his theory on the basis of an original reading of the "Theory of Moral Sentiments" by Adam Smith, and in particular on his theory of "fellow-feeling", which for Smith (and Sugden) is a general anthropological tendency of human beings, and something quite different than altruism (SUGDEN, 2005). "Fellow-feeling" is mutual affection (Smith assumed that human beings feel pleasure in all forms of fellow-feeling). Returning to relational goods, Sugden held that in a Smithian framework they derive from the perception of the correspondence of feelings and can be enjoyed in all joint activity, even of an economic nature. The conclusion is that the intrinsic and added value of sociality occurs when social interactions permit people to become aware of their mutual fellow-feeling; in Sugden's theory that is precisely the relational good. In such an approach it is less important to distinguish between 'state of feelings' and 'relational good', as the latter is seen as a component that is separate from the subjects' feelings. For Sugden, the 'technology of production' of relational goods would involve an identification with the other and the expression and cultivation of the correspondence of feelings.

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Carole Ulhaner here uses the term 'relational' in an attributive, not predicative, sense.

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To give an example, consider a trip among friends. At the time of the meeting to organize the trip, the commitment by various members may be asymmetric; but, if during the trip someone does not try to enter into a genuine reciprocal relationship with someone else, and thus puts no effort into the consumption, he or she will

relationship is not 'used' for anything else, if it is lived out as a good in itself, and sources from intrinsic motivations10. This is why, as Martha Nussbaum said, a relational good is a good in which the relationship is the good, a relationship that is not an encounter based on self-interests but a gratuitous encounter.[11] A relational good requires the presence of intrinsic motivations toward that particular relationship.

g) Good: finally, another essential way of defining a relational good is focusing on the noun: it is a good but it is not a commodity (in Marx's terminology), that is, it has a value (because it satisfies a need) but it does not have a market price (precisely because of gratuitousness), though it always has an 'opportunity cost'.[12]

Having listed these characteristics, however, we can only point out the difficulty in economic theory of working with human relationships driven by complex motivations. Indeed, economics observes the world from the perspective of the individual who chooses goods; relationships evade it (or are seen as a means or a constraint), precisely because a relational good is not a summation of goods or individual relationships (a contradiction in terms!), and the other with whom one interacts is neither a good nor a constraint.

Economics – along with other social sciences –would gain hugely from taking more seriously the category of relational goods, if it wants to explain better the relational nature of that social animal called human being.

Sobre o artigo

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This does not mean that an authentic relational good cannot be produced in a business relationship, but, if it happens, somehow within an instrumental relationship something new emerges, which is not due either wholly or primarily to instrumentality.

9

I have in mind a situation in which a telephone call from home arrives during a meeting for one of the participants: the meeting is interrupted, and the person begins talking about the children and other private matters that are not on the agenda for the meeting. During that time the participants can create and consume relational goods. Similar examples can be imagined for 'relational evils'.

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I see this link as closer than that between gratuitousness and altruism: there can be gratuitous non-altruistic acts (consider an athlete or a scientist) that create positive externalities perhaps greater than those created by an altruistic act that does not source from intrinsic motivations. There is a psychological mechanism in human beings that makes us feel pleasure whenever we see others (or ourselves) fulfill an act for intrinsic (i.e. non-instrumental) motivations, independently of the fact that we directly benefit from such behavior. This is the psychological mechanism that causes us, for example, to esteem a missionary that helps lepers and not a company that does cause-related marketing, or to criticize an athlete who is too reactive to monetary incentives.

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A relational good, so defined, has characteristics then that make it look like a local public good (it is consumed together), or an externality (it emerges, it is not always intentional), but it cannot be identified with either of these.

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We must be careful in using the classic instrument of 'opportunity cost' to measure the value of relationships. The idea of opportunity cost, a powerful idea from the Austrian School (though already present in the work of the Italian Francesco Ferrara) and one with great import in economics, , carries with it the danger of transforming every aspect of life into something monetizable: what is an hour of prayer worth? It is worth the monetary value that one renounces by choosing to pray instead of work. We should then deduce that the prayer of an executive is worth a thousand times more than that of a housewife, and infinitely more than someone who is unemployed! We must use these instruments with great care, then, if we want to avoid the commercialization of the world.