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**The Good Life: Values, Markets, and Wellbeing**

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## BIO SKETCH

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## ABSTRACT

Here I make a simple proposition: the ends of the economy, as well as politics, should be provisioning the good life for people as they conceive it. The rub is, of course, that while we may all want to live the good life, we differ widely on just what that entails. Yet, everywhere, the good life implies more than mere “happiness”: it implies wellbeing, fulfillment, the meaningful existence Aristotle termed eudaimonia. An adequate income is absolutely necessary, but alone is insufficient, for overall wellbeing. Health and physical security, family bonds and social relations are also important. My research points to several additional key elements of the good life: aspiration and agency, opportunity structures, dignity and fairness, and commitments to meaningful projects.

## **The Good Life: Values, Markets, and Wellbeing**

This paper is a précis of a larger project and monograph: *German Eggs, Guatemalan Coffee, and The Good Life: An Anthropological Look at Markets, Values and Wellbeing*.

The genesis of this project, as with so many ethnographic endeavors, began with a chance encounter: in this instance, a reproachful look from the owner of a small cinema. I was in Hamburg with my family over the Christmas holidays, and my seven year old son wanted desperately to see the recently released Harry Potter movie. We had come to Germany to visit family but also to take a breather from the frenetic commercial pace of stateside holidays. Still, Johannes had cheerfully attended all of the *gemütlich* feasts and

gatherings, and so we felt that we could hardly deny him such a simple, easy pleasure. Thus, on *Zweiten Weihnachtstag* (the second day of Christmas, December 26th, a public holiday), we looked up the schedule in the newspaper and discovered that a neighborhood cinema had a showing at 5:30 that evening. With good German punctuality, and led by my good German wife, we arrived a few minutes after 5:00, only to find a long line already stretching from the ticket window. We took our place at the end of the queue and arrived at the window just in time to buy three of the four remaining tickets, much to the dismay of the family behind us.<sup>1</sup> As the woman counted our money, I asked why she did not offer earlier matinees since there was obviously a demand. She looked at me over half-rim glasses—reproachfully pausing for a moment as if she did not know where to start—and replied that during the holidays kids should not be inside watching movies, rather they should be at home with their families or playing in the park. She was pleased with my surprise—it seemed to be the effect she was going for—that a small business owner would voluntarily support a notion of common good at the expense her own material gain, a moral position at odds with the rational expectations of much economic theory and a stance that would be foreign to many American entrepreneurs.

This was one of those “ah-ha” moments of participant observation and ethnographic fieldwork that Willis and Trondman (2000) write about, when a pervasive yet subtle pattern crystallizes for a moment in a concrete interaction. The cinema incident reminded me of experiences from my years of fieldwork in Guatemala, those many economic anomalies (and yet cultural consistencies) in which social concerns trumped self-interested rationality. Once while living in the Kaqchikel Maya town of Tecpán, some friends from there (who had studied abroad and gotten good jobs working for international organizations in Guatemala City) came home for a visit. My wife and I were pleased to see them and gladly accepted when they invited us to go with them to the land they kept in one of the surrounding hamlets. Getting there was a trek—we drove about five kilometers and then hiked over a small mountain for the last few kilometers. While I had thought we were just going to check the land out and maybe clean up a little it, as it turned out we worked all day--with a break to eat

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<sup>1</sup> The little cinema neatly captures some stereotypical German traits: an usher takes one to assigned seats; there is a shelf for drinks and snacks; beer is, of course, sold at the concession stand. The Harry Potter movie was subtitled, although most foreign fare on television and at the movies is dubbed, and the German dubbing industry is renowned. Some dubbing voice performers have become well-known celebrities, with their own fan clubs. The dubbers work to make the German fit the mouth movements of the English or Swedish or Russian or whatever language is being spoken. A long way from the arbitrary dubbing of 1970s kung-fu movies, it is difficult to tell that the top German work is dubbed at all—you have to look closely to catch the occasional gap between what you see and what you hear. It is a point of national pride.

tamale-like *chuchas* reheated over a fire—to harvest the remains of what was missed when the hired hands gathered the crop. In the end, we wound up with a few paltry net loads of maize (corn is often carried in large nets on one’s back). I was surprised, and frankly a little aggravated, at having worked so hard for such a small reward, and that my friends would take time off from their relatively high-paying jobs since, in economic terms, the maize we harvested that day was not worth nearly what they could have made working. Given the opportunity costs, spending our time this way did not make economic sense, or at least was not rational. I said as much to our friends, and they responded that it was not just about the money, the monetary value of the corn, but the fact that *this* corn came from their ancestral plots; that the corn from there tastes different, better; and that, in any case, it is *xajan* (taboo) to waste maize (one is taught as a child not to drop it or step over it). Most important, they stressed, are these affective ties to the land, a connection with the collective weight of history and the generations of relatives who had worked this land, a value that could not be measured in monetary terms. Here land and its produce embody familial and social values that coexist with, and sometimes trump, their value as an economic asset.

A final introductory example comes from closer to home, from a cab driver who picked me up at the airport in Washington DC a few years back, just before the city switched to a dashboard meter system. Arman owned the Lincoln Town Car that he drove, and he had it arranged like a car service car, with the front seats moved all the way forward to give more leg room in the back and a newspaper tucked into the seat-back pocket. He obviously took pride in his vehicle, and when I asked him about it he said that he could drive an old beat-up taxi and charge the same fares, but that he liked the professional style. He went on to say that he studied maps and monitored traffic so that he would always know the best route around the city. When I asked him about the switch to meters, he was opposed. I protested that the zone fare was such an opaque system for visitors, and that I always had the vague feeling that I overpaid for cab rides. He said that he never overcharged—when his fare looks like they have money, he charged the normal full fare, but for needier passengers he often reduced the zone price to give them a break. He would work out, in the blink of an eye, a complex algorithm, taking into account all the subtle signals of dress and speech that a passenger conveyed, the destination and so on, to come up with what he judged to be a fair and just amount. He took great pride in achieving excellence at his trade and he stressed the value of having a sense of control over his life that meters would partly take away.

In each of these stories we find folks motivated by culturally embedded conceptions of “the good life.” They envisage particular sorts of futures for themselves and the world—the agency to control one’s own destiny, the meaningful obligations of family and friends, the delicate balance between private interests and common goods. We see individuals giving meaning to their economic activities, seeking the good life, each in their own way, and often in ways that directly counter their immediate material interests. I explore here what the good life means in different places. As we see in the stories above, wellbeing is not simply seen as material affluence, and these are not simply rational, self-interested automatons like *Homo economicus*. We see in these cases individuals making decisions based on culturally particular and deeply-held values: valuing—materially—something other than narrowly defined self-interest. These are economic decisions embedded in moral projects and conceptions of the good life.

### **A Simple Proposition**

I have a simple point to make: that we should understand the ends of economics, as well as politics, to be provisioning the good life for people as widely as possible and as they themselves conceive it. While we often talk about them as such, markets and political systems are not naturally given orders. They are contrivances, technologies, tools for us to achieve ends that we value collectively. Understanding conceptions of the good life, then, allows us to document diverse values and aspirations on-the-ground and to evaluate market forces and regulatory structures as mechanisms to promote not only material wealth, but greater overall wellbeing (see, for example, Hart, Laville, and Cattani 2010).

But what is the good life? We often use “happiness” as shorthand to denote wellbeing. Researchers who study these sorts of things generally distinguish two types of happiness. There is “hedonic” happiness, that everyday contentment (and the cheeriness the term calls to mind in common American usage). Then there is a broader sense of “life satisfaction,” judged by the criteria of “wellbeing” and “the good life” (Watermanm Schwartz and Conti 2006).

Some would also call this second condition simply “happiness,” but it is not the sort of giddy jolliness so often associated with that word. Rather, it has more of the classic

Aristotelian sense of the ultimate end of human existence: a fulfilled life, a meaningful life, *eudaimonia*. *Eudaimonia* comes from “eu-,” signifying “well” and “daimon,” which is the same root as demon, signifying benevolent power over one’s destiny. In this sense, the good life is about having the power to construct a life that one values, equivalent to what we tend to call “agency.”

Striving for the good life involves the arduous work of becoming, of living a life that one deems worthy: creating meaning, aspiring for something better, the act of becoming the sort of person and living the sort of life one desires. The good life is not made up of simple happiness, as John Rawls (1971) reminds us. The good life requires trade-offs, often forgoing hedonistic pleasure. Perhaps the good life is not a state to be obtained, but, as Aristotle suggests, it is the aspiration and act of becoming, the pursuit, and the journey that gives meaning and fulfillment. Robert Nozick (1974) famously posed the question of whether it would be preferable to live in an “experience machine” that could give one any experience one desired (indistinguishable from real life) or to live one’s up and down real life. Nozick, argues that most folks would choose real life. He posits that the ups and downs of real experience and struggle give value to the ends enjoyed and that folks are driven to be certain sorts of people (not indeterminate blobs). Similarly, Neo is faced with a blue pill/red pill dilemma in *The Matrix*, and clearly the scary reality of the red pill is the right, and virtuous, path to take even though it is the antithesis of blissful ignorance.

Wellbeing and the good life involve much more than just hedonic happiness. As we see in what follows, the two sorts of happiness—hedonic and eudaimonic—can well be at odds with one another, a tension crucial to understanding economic behavior and the role of public policy. Daniel Kahneman and others have shown, for example, that income has a very different impact on the two sorts of happiness; he concludes that “being poor makes one miserable, and that being rich may enhance one’s life satisfaction, but does not (on average) improve experienced well-being” (2011: 397).

For Aristotle,<sup>2</sup> fulfillment comes from pursuing ends for their own sake (not as an instrumental means toward other ends); that there is virtue in the purity and sincerity of such pursuits. For example, it is virtuous of me to write a book because of a desire to write it (a desire to develop thoughts and express them), not because I want to make some money (and that is a good thing, too, given the state of academic publishing). Aristotle recognized that we

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<sup>2</sup> References to Aristotle here are to his *Nicomachean Ethics* (circa 350BCE) as translated by W.D. Ross and available at <http://classics.mit.edu/Aristotle/nicomachean.html>

must have the material resources to enjoy such virtuous pursuits (and this is a very big condition indeed), but his contribution comes from stressing the values that go beyond just material resources.

While, words like “moral” and “virtue” are often used in popular discourse to denote timeless, essential cultural prescriptions, our perspective here sees them as the product of ongoing processes of socially situated negotiation, continually enacted through the dialectic of everyday social life and yet strongly conditioned by path dependencies and the weight of history and tradition (Fischer 1999; Sayer 2011). Living up to the expectations of particular values is in many ways the stock in trade of human existence; and it is this forward-looking, aspirational quality to the internalization of culturally produced virtues that drives “agency.” Jens Beckert (2011) writes of the power of daydreams and imagination of the future in the construction of consumer identities. Elsewhere, Peter Benson and I (Fischer and Benson 2006) have made a similar argument for the role of understanding desire in producer identities, and Arjun Appadurai (2004) has looked at the role of aspiration in terms of the capabilities approach to development.

## **Happiness and Wellbeing**

Since the late 1990s, there has been a boom of research around issues of happiness and wellbeing. In the U.S., Germany, and the developed world, this generally goes under the rubric of happiness studies and builds on innovative work coming from psychology and economics. For the developing world, a parallel field has emerged through multidimensional models of poverty and Amartya Sen’s (1999) influential “capabilities” approach to development.

It is clear from this work that income, wealth, and material resources are necessary but insufficient prerequisites of the good life. Happiness studies and multidimensional measures of poverty show that income is crucially important for one’s ability to achieve a good life, but it is insufficient alone. In fact, happiness increases level off dramatically after a relatively low threshold of income. People need financial and material resources, no doubt, but perhaps not in the proportion we might first imagine.

Studies have shown that family, education, social ties, and dignity are all powerful predictors of one’s life satisfaction (Layard 2005, Gilbert 2006, Veenhoven 2000, Graham

2011). People who feel that they contribute importantly to a larger project, those that possess the agency and power (*daimon*) to effect change, are more satisfied with their lives. Alan Krueger (2005) observes that “worker satisfaction depends at least as much on social aspects of work, and having a sense of meaning and interest in work, as it does on material rewards.” Dolan, White and Peasgood (2008) find that strong corollaries of subjective wellbeing include health, meaningful employment, having a spouse or partner, and a degree of social contact.

Wealthier people are on average happier than the poor, but there is no neat linear relationship between income and happiness. The Easterlin Paradox observes that between countries, average happiness does not rise with income although the wealthier within a country tend to be happier than the poor (Easterlin 2001). Easterlin’s findings have been challenged by Stevenson and Wolfers (2008), but it still seems that, at least above a certain point, income is valued relative to the income of ones peer group and others; Layard (2005: 44) writes that “income is much more than a means to buy things. We also use our income, compared to others’, as a measure of how we are valued and (if we are not careful) a measure of how we value ourselves.” Robert Frank (1999) has argued that the ways the affluent tend to spend additional income (on positional goods and conspicuous consumption) adds little to collective happiness.

Perhaps there is a hedonic treadmill of adapting quickly to upward mobility. Although, as David Clark (2009) notes and the recent financial crisis reminds us, adaptation can occur either through adjusting aspirations upward or by adjusting them downward. Layard (2005), Kahneman (2011) and others argue that there is a curvilinear relationship between income and happiness: more income produces proportionate advances in happiness up to a given point. Kahneman (2011: 397) reports that above household incomes of \$75,000 in high-cost areas in the U.S., there is no increase in experienced well-being with income increases. Kahneman and Deaton (2010) argue that while hedonic happiness is not tightly associated with income, broader measures of life-satisfaction do have a linear relationship. Graham (2011) summarizes the research: “more money does not necessarily buy more happiness, but less money is associated with emotional pain” (36).<sup>3</sup>

This all suggests that, while poverty alleviation policies are necessary to promote the general welfare, they are but one component of wellbeing. And if we are to talk about holistic

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<sup>3</sup> In fact, as Graham (2011) and others suggest, instability and uncertainty seems to significantly decrease happiness (at a national level in economies undergoing rapid transition and individually with life changes). But we adapt more quickly than we think to even catastrophic disabilities (e.g. becoming paraplegic) and great fortunes (as in winning the lottery) (Brickman, Coates, Janoff-Bulman 1978).



human development, income serves as a fruitful means to an end, but, beyond basic subsistence, it is ultimately unrewarding as an end in itself.

### **Elements of the Good Life**

What are people's visions of what the good life should look like? And how do they engage markets in pursuit of the good life as they conceive it?

My recent work has looked at German eggs and Guatemalan coffee, cars and broccoli—things to which we attach aspirations and desires for a good life, both extraordinary and mundane. I have looked at how the good life is conceived and pursued in Germany and Guatemala, how folks as both producers and consumers engage their circumstances to work toward the good life as they see it. In these cases, we find that ideas about the good life are morally laden—replete with ideas of value, worth, virtue, what is good or bad, right or wrong. It is clear that we give (and take) meaning from our many market interactions. Think of the moralities around consumption—not only the overtly ethical question of fair trade and organic goods, but also the ways consumption embodies values of thrift and generosity, family obligations and social relations, and a whole host of other personal and cultural virtues.

To understand the good life we have to take seriously not only material conditions but people's desires, aspirations, and imagination. We need to value what people say the good life should look like (what economists often discount as merely “stated preferences”), acknowledging that these projections often take long time horizons and give significant weight to pro-social behavior and other elements of eudaimonic wellbeing. Such stated ideals may well be contradicted by actual behavior (revealed preferences): what we say and what we do may be two different things. Yet, we still need to give due weight to what we say we would like to do (as well as what we actually do) if we are to understand what our shared aspirations will allow.

In line with other studies of happiness and multidimensional poverty, I find that Adequate Material Resources (“adequate” as based on a relative and socially positional baseline), Physical Health and Safety, and Family and Social Relations are all core and necessary elements of wellbeing. Further, my research shows that wellbeing is tightly linked to several other key dimensions:

- Agency and Aspiration

- Opportunity Structures
- Dignity and Fairness
- Commitment to Larger, Meaningful (Moral) Projects

My study focuses on how these elements of wellbeing are expressed by German consumers and Maya farmers, what this means for *their* visions of the good life, and what they can tell *us* about wellbeing.

In both places, we find that wellbeing requires a sense of *agency*—the ability to exert at least some degree of control over one’s own destiny—and the material resources and social and political opportunity structures through which to exercise that agency. Notions of the good life orient the aspirations of agency and provide a dynamic framework through which to interpret one’s own actions and those of others, all the while bound by the realm of what is seen as possible (what Pierre Bourdieu (1977) termed “doxa”). The market is a key venue through which to pursue the good life, and a sizable percentage of German middle-class supermarket shoppers explicitly link their buying choices to supporting certain sorts of ecological and social ideals. Similarly, we find Maya farmers actively engaging and changing the coffee market in Guatemala in pursuit of their particular aspirations for the good life.

Yet, the effectiveness of agency is often limited by available *opportunity structures* (the social norms, legal regulations, and market entry mechanisms that delimit, or facilitate, certain behaviors and aspirations). The *will* is important, but there also has to be a *way*. Opportunity structures encompass not only market relations but also formal and informal social norms; ethnic, gender, and other systematic biases; the principles and practice of legal rights; and the whole range of institutional factors that define the space of the possible. Individual agency acts on choices, but those choices are structured through political-economic processes that transcend the individual. In situations where agency far exceeds available opportunity structures, we find the condition that Bart Victor and I (Victor, Fischer, and Vergara n.d.) term “frustrated freedom.”

Ample evidence shows that relative valuations of *fairness and dignity* play a central role in work satisfaction and overall wellbeing. This involves freedom from discrimination, but also the more positive value of respect. What is considered “fair” varies across cultures—for example, playing the Ultimatum Game in Guatemala, we find folks willing to pay significant sums to punish others perceived as playing unfairly. But, wherever one draws the line, the respect of others and the self-respect that flows from mastery of a practice is crucial

to subjective wellbeing. At great expense, the German system of “co-determination” promotes the dignity and professionalism of working-class trades, and a sense of fairness permeates German middle class discourses of solidarity. Among Maya coffee growers in Guatemala, we find notions of dignity linked to control over land and productive resources and strong local social norms that attempt to limit inequality to levels considered fair and just.

Finally, having a larger purpose and being part of a *meaningful project* are central to wellbeing among both the affluent and the poor. At first blush this might seem to be the exclusive purview of the affluent, the luxury to pursue fulfilling life goals. But I suggest that it is more broadly human, an important part of wellbeing for all but the most severely deprived. Management research has shown that for employees to feel that they are part of a meaningful project can be more important for wellbeing than even income. In fact, Robert Frank (2010) finds that the more morally satisfying a job is on average, the less it pays. We could see this either as having to pay a premium for folks to stretch their morals or as some jobs being compensated in non-financial ways. The importance of being part of a meaningful project to one’s sense of wellbeing is not restricted to the well-off, as our look to the desires and aspirations of Maya farmers makes clear. Nor do meaningful projects need to be what we might classify as positive: they encompass hate group ideology as well as religious fervor, the mastery of a skill or profession as much as mastery of a video game. Moral projects have to be meaningful, but their meanings are not determined by any absolute code and span the range of political and social leanings. We will see that many German shoppers buy free-range eggs to support the environment and good working conditions, a moral value they articulate as “solidarity.” In turn, Maya farmers envisage a better life for their kids, they want to provide more opportunities for them to flourish and not to be bound to subsistence agriculture. These are meaningful life projects as well as visions of the good life.

### **Development, Income, and the Good Life**

Inspired by the work of Nobel laureate Amartya Sen (1979), a capabilities approach sees the goal of economic development as freedom: the capability for individuals to pursue the lives that they themselves value. This requires income, but also, as with the relatively

affluent subjects of happiness studies, agency, the capability to act with intention, to envision and make changes in one's life, to aspire.

Income may be a useful measurement of development, and we have long ranked countries by GNP per head. But such averages are at best imperfect measures of wellbeing. For one, they hide inequality: a country may have a high GNP per capita with a small clique controlling most of the resources and the vast majority living in poverty. (If Bill Gates walked into a soup kitchen in Seattle, the average annual income of people there would skyrocket—but that wouldn't tell us much about the distribution of wellbeing among individuals.) In response to the shortcomings of national income measures, and inspired by the work of Sen, in 1990 the United Nations Development Programme (UNDP) introduced its now widely used Human Development Index (HDI), which incorporates measures of health and education as well as income.<sup>4</sup>

The idea of looking at happiness and wellbeing in addition to standard economic metrics to measure the success of public policies has taken hold not only in Latin America, Africa, and the developing world, but in Asia and Europe as well. China's overarching policy goal of promoting a "harmonious" society melds Confucian principles to multidimensional measures of wellbeing. Bhutan famously has adopted a Gross National Happiness index to orient public policy and measures the country's development in terms of wellbeing. France (Stiglitz, Sen, and Fitoussi 2010) and Britain (Dolan, Layard, Metcalfe 2011) too have explored ways to move beyond GNP as a measure of economic and political success.

The HDI and other multidimensional measures are a big improvement over GNP rankings, but they remain very blunt measures for overall wellbeing, *eudaimonia*. The Oxford Poverty and Human Development Initiative (OPHI), led by Sabina Alkire, has introduced more holistic measures. Alkire (2005, 2007), James Foster (Alkire and Foster 2011), and others (Alkire and Santos 2010; Alkire, Comim and Qizilbash 2009) at OPHI have identified five key missing dimensions of poverty (from [www.ophi.org.uk](http://www.ophi.org.uk)): employment, freedom from shame, agency, safety, and subjective wellbeing.

While differently categorized, the dimensions that emerge from my study overlap significantly with the OPHI list. For example, what I label fairness and dignity includes employment conditions and the ability to go about without shame; what OPHI includes as

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<sup>4</sup> The World Bank defines two categories of poverty in absolute terms: extreme poverty is living off less than \$1.25 a day (in purchasing power parity terms) and moderate poverty at less than \$2 a day (see Ravallion 1994, 2008; Ravallion and Chen 2008).

agency, I have broken down into aspiration, agency, and opportunity structures. My categories are adapted to the particular cases at hand, but note that they seek to approximate the same conditions indexed in the OPHI scales.

The OPHI missing dimensions are not meant to be an exhaustive list of the conditions of poverty, but they do an impressive job of covering key areas and possess the great virtue of being practical in an operational sense: these are items that can actually be measured with surveys and available data. The OPHI approach points us toward a fruitful new way of documenting the multiple and interrelated dimensions of poverty and its antithesis, wellbeing.

Martha Nussbaum (2011) offers a more expansive list of what she considers to be the ten central capabilities (“not just abilities residing inside a person but also the freedoms or opportunities created by a combination of personal abilities and the political, social, and economic environment”) required for the good life. Also intended as an open and revisable list, Nussbaum’s dimensions extend the scope of wellbeing to include emotions, practical reason, play, and imagination. While harder to operationalize, Nussbaum’s concern with the subjective experience speaks to our own present focus on desires, aspirations, and ethnographic conceptions of the good life.

No matter how long the list of items, accounting for such missing dimensions of poverty and wellbeing allows us to find correlations we would miss from income data alone. For example, Graham and Lora (2009) find that friends and family matter more to the happiness of the poor in Latin America, while work and health matter more to the wealthy.

And here is the rub: We may all want to live the good life, but we also differ widely concerning just what that entails, on what the good life might look like and the best means to get there. Conceptions of the good life are furthermore laden with deeply-held moral valuations, the various meanings behind a “meaningful life.” These can be culturally specific and even idiosyncratic, but they share a common concern with values (what is important, what is *really* important, in life) and an orientation toward the future.

### **The Moral Provenance of German Eggs**

Let’s start with buying eggs. That might seem an odd place to begin a discussion of the good life, but a lot of wellbeing is linked to precisely such small moments that fill our days. Buying eggs may be one of life’s more mundane tasks, something most of us do

without much thought beyond occasionally comparing prices. But egg shopping in Germany compels one to make an explicit moral decision with every purchase, to lay bare the price one puts on certain values. This presents us with a natural experiment to help answer the question of what price we are willing to pay to be virtuous.

Since 2004 the European Union has required all eggs (the packages and the individual eggs themselves) to carry a numeric code. (This could be a set-up for one of the commonly heard jokes about the more absurd and intrusive EU regulations, such as the specifications for cucumber curvature.) The first in the string of digits denotes how the chicken was raised,



followed by a two letter code for the country of origin (DE for Germany), and then a unique identifying number for the farm and packing company. The designations for how the eggs were handled are 0 = organic and free-range, 1 = free-range, 2 cage-free, to 3 coop-raised, also sometimes termed pejoratively “KZ” or concentration camp eggs, a strong analogy indeed for Germans, who tend not to joke about the Holocaust. These designations are posted over display shelves, putting front and center details on the conditions of production and forcing a morally laden decision about how much to pay for the social values embodied in different sorts of eggs. There is a price to pay for perceived virtue, and it is a decision one has to make every time one buys eggs.

From 2006-2008 I conducted fieldwork with middle-class supermarket shoppers in the Südstadt neighborhood of Hannover, Germany. I focused on the eggs they buy and the reasons they gave for their selections. We find a broad concern with the provenance of eggs, facilitated by mandatory labeling. Shoppers often explained their choices in term of valuing a

(somewhat nebulous) environmental commons and frequently invoked the relevance of social “solidarity.”

The point I want to make here is that moral values affect the choices we make, even in mundane supermarket purchases. German egg choices tell us about the difference between “revealed” preferences (what people actually do) and “stated” preferences (what people say they want). In the consumer realm, stated preferences are more likely to be concerned with what I call the “moral provenance” of goods—positive and negative externalities, the impact of commodity chains on the environment, social relations, and our views of a just world.

In the 2008 Hannover surveys, 3 in 5 of the supermarket shoppers interviewed reported buying free-range or organic and free-range eggs. Those who bought eggs from a farmer at a local market (also a sort of socially conscious purchasing move) or did not eat eggs were another 14%. Only 1 in 4 bought the cheapest eggs

<u>Egg type</u>	<u>Reported purchasing</u>	<u>Average price (€ per egg)</u>
0 = organic, free-range	27%	0.38
1 = free-range	34%	0.20
2 = cage-free	12%	0.16
3 = battery-cage	13%	0.14
local market	9%	0.25
don't eat eggs	5%	----

Given the significant price differences, these data are surprising. They reveal an apparent willingness of German consumers to pay a big premium for moral preferences—almost three times as much for organic compared to battery-cage raised. And this pattern holds true across socio-economic groups.

These German consumers are willing to pay a premium for what James Foster and I (n.d.) term “moral provenance.” Moral provenance refers to the social conditions embedded in commodity chains and the social, economic, and environmental externalities implicated in transactions; that is to say, it represents the elements encoded in the value chain beyond price. Moral provenance manifests itself in consumer behavior as a willingness to pay a premium for positive externalities and to punish companies for (perceived and actual) negative externalities. It appeals to some consumers’ sense of the good life and to their imagination of

a better world. As a distinguishing attribute and a competitive advantage, goods that reflect moral provenance allow consumers to (voluntarily) place a monetary value on intangibles such as justice, solidarity, thrift, and environmental stewardship. Looking at moral provenance allows us to see how consumers are driven to pursue moral values and at what economic cost. At the same time, it is often difficult to separate moral from other considerations. Moral provenance, for example, is often linked to quality (e.g., associations with a geographic region or a more artisanal model of production): as one Hannover shopper told me, “it is important to support one's own region, country. The quality is better—you know what you are getting.”

Among Hannover supermarket shoppers, a broad range of respondents were willing to pay a significant premium for some eggs as well as for other organic and fair trade products. The Südstadt supermarket shoppers who preferred “bio” eggs tended to invoke broad notions of fairness and social solidarity, environmental concerns, and civic obligations, all of which blur together into a general sense of the common good. They used a language of social obligation and moral values. For many, this was not much more than a vague and abstract idea of the common good, sometimes glossed as “solidarity.” When pressed to clarify, they would mention environmental concerns, animal rights, eradicating unfair work practices, and generally safeguarding common resources. For all of them, however, these values were an important motivating force: an ideal, even if only broadly defined, that requires action in the real world. Such moral projects give meaning to life—and, along the way, bestow meaning on markets and on things.

## **Word and Deed**

Yet, what we say is not always what we do. There is a whole set of folk admonitions about the slippage between word and deed (inevitably privileging the latter: “it’s not what you say, but what you do,” “all talk, no action,” and so on). This is not just a question of bad intentions and duplicity: we are very capable of cognitive dissonance, holding contradictory ideas and desires. We sometimes do not know what we want (as marketers understand so well), and our notions about what is best change. Paradoxically, it may even be the case that what we (truthfully) say we want may not be what we actually choose. I want a cinnamon roll



but I also want to lose weight; what do I *really* want? Sometimes there are difficult trade-offs between short-term, hedonic happiness and long-term wellbeing.

Economists distinguish between “stated preferences” (the sometimes crazy things folks say they want) and “revealed preferences” (what they actually do). Revealed preferences are taken to be more real: it is thought that when the rubber hits the road and the cash changes hands, one reveals one’s *true* preferences. There are also good empirical reasons for focusing on revealed preferences, for they are what can actually be measured (and in dollars and cents, no less). Yet, I argue, we should also take seriously what people say they want; folks’ stated preferences reveal their desires just as truly, and are often more attuned to longer-range and more pro-social values.

An anthropological perspective naturally takes stated preferences seriously, for we place great value on what folks tell us. Stated preferences imply an intention to enact those preferences at some point in the future. This is to say that stated and revealed preferences are not mutually exclusive; it is also the case that people often do what they say. At the same time, less constrained by the exigencies of daily life, stated preferences have the freedom to express more social interests and to give greater emphasis to long-term goals and moral projects, common goods and the common good. Revealed preferences also reflect such desires, but they result from cost/benefit analysis embedded in a market logic expressive of more immediate material concerns.

Stated preferences may sometimes contradict the deeds of revealed preferences, but it does not follow that they are any more real or important. In fact, we must take into account the hopes, desires, and aspirations of stated preferences in order to understand how wellbeing is pursued in socially embedded market transactions. We may well find that, given the desires expressed in stated preferences, regulations and norms that reduce choice may in some contexts not only act to protect common goods but also to improve individual wellbeing overall.

With that in mind, let us return to our survey of Hannover supermarket shoppers. Over 60% of our sample reported buying either organic or free-range eggs; but sales data show that the national proportion of eggs sold is less than half that figure. So, assuming that our sample was not wildly atypical, what are their real preferences? Revealed preference presumably values price over moral provenance and quality (more battery-cage raised and cage-free eggs are actually bought), and yet their stated preferences are just the opposite.

Both tell us something important about consumer values.

<u>Egg type</u>	<u>Sample purchases</u> <sup>5</sup>	<u>National sales</u>
0 = organic, free-range	31%	7%
1 = free-range	40%	24%
2 = cage-free	14%	40%
3 = battery-cage	15%	29%

There would appear to be a strong dissonance between what folks say they want and what they actually do. But we should not take their revealed preferences as self-evidently what they *really* want. I would suggest that they also really want what they say they want, and this reveals a great deal about their ideals and values, the sort of person they imagine themselves to be and the sort of world they would like to live in. Such aspirational values orient our long-term goals, and yet we often also succumb to short-term expediency at the expense of longer-term aspirations or feel compelled to pursue individual versus collective interests so that we do not fall behind in relative terms because collective action problems.

Price theory privileges “true” or “revealed” preferences over “stated” preferences. This claims to be an empirically rigorous approach, with preferences being revealed through documented behavior such as purchases made or votes cast. At the same time, the importance of the cultural and institutional contexts of decisions are discounted—the fact that choices are limited by structural conditions, as in the common scenario we face in the grocery store aisle and the voting booth to choose between the lesser of two evils. What if real preferences (as expressed in moral projects, for example) are not addressed by the market and competition diverts preferences toward goals with less overall utility? There would then be real values on the table that can only be realized through regulatory structures shaping collective action.

It is a fundamental axiom of marketing experts that folks do not really know what they want. This pliability is what makes their job possible. Many of our daily economic encounters (in the supermarket, shoe store, online) are orchestrated by companies drawing on extensive behavioral research to make us “freely” choose in certain ways. While this isn’t surprising, we don’t actively consider such matters in the course of these transactions. Of course, we are not completely malleable, we are not puppets, but we are manipulated all the time in ways that should make us question our cherished beliefs concerning free will.

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<sup>5</sup> Excluding local market purchases and those who don’t eat eggs.

Revealed preferences tend to be framed by what Gudeman (2008) calls calculative reason—the cost/benefit analysis of perceived utility as represented in dollars-and-cents. The symbolic (and sacred, McCloskey’s [2006] “S” variables, including the solidarity of social obligations and convictions of moral value) is often undervalued in such monetary conversions. Revealed preferences are highly sensitive to contextual and structural constraints, a necessary and pragmatic concern with what is possible. They are also influenced by what behavioral economists term “hyperbolic discounting,” a bias towards immediate and short-term rewards expressed by discounting future values (Thaler 1992).

Stated preferences, on the other hand, are less bound by the practicalities of time-horizons and collective action problems. They are able to consider “what if” possibilities: what kind of person one would like to be, what sort of world would we like to live in. Even with stated preferences, we find disciplined aspirations developed in a cultural and social context of what is possible (Li 2007, Bourdieu 1977, Carrier 2010).

In the German case, we find a strong stated preference for “quality” and “solidarity” and yet revealed preferences that value price frugality over these qualities. We might expect supermarket decisions to be especially susceptible to hyperbolic discounting: money will shortly change hands in the checkout line (and in Hannover it is most often a cash transaction); one must decide the value of an immediate savings versus other, perhaps more distant, preferences for quality and solidarity.

We should not ignore the importance of stated preferences if we seek to understand what motivates economic behavior. These tend to value broad, long-range ideals and unveil a concern for common goods that often remains hidden in the immediacy of revealed preferences. As the case of moral provenance of German eggs suggests, we might do well to promote economic structures that help us realize our stated preferences and not just cater to the quick buck of hedonistic revealed preferences .

### **A Word about Morals and Virtues**

The word “moral” carries many connotations, but I use it here in a specific way. Morals are often thought of as prescriptions and proscriptions on behavior, telling you what

you should and should not do. I take a broader, more ecumenical and ethnographic, approach, recognizing the multitude of moral codes extant in the world. I use the term descriptively, to denote those cultural (and psychological/ethical) processes that deal with valuations of what is good and bad.

We may, following Arthur Kleinman (2006), define the moral as what matters most to folks. This perspective has the advantage of not judging whether or not a particular moral stance is right or wrong, good or bad; rather it calls attention to what folks themselves value in their lives (Sayer 2011).<sup>6</sup>

For present purposes, “moral” implies (1) a conception of good (and thus a value judgment), (2) a concern with others (and how one’s actions affect others) and (3) an affirmation of what matters most to us. We may then view virtues as the positive expression of shared moral values—living up to the moral expectations of particular values and visions of the good life. In the Aristotelian sense, virtue, from the Greek *arete*, is moral excellence, the learned capacity to do something well. Alasdair MacIntyre (1984) defines virtue as excellence within the domain of a given “practice,” a perspective that moves away from the universalizing tendencies of cardinal virtues and allows for greater cultural latitude. In a MacIntyrian practice, one finds something in an endeavor beyond oneself, something to be valued for its own sake and not just the means to satisfy an end. He writes that:

any coherent and complex form of socially established cooperative human activity through which goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence which are appropriate to, and partially definitive of, that form of activity, with the result that human powers to achieve excellence, and human conceptions of the ends and goods involved, are systematically extended. (1984:187)

In short, moral values and culturally salient virtues reference visions and valuations of what the good life—excellence, in this neo-Aristotelian view—could and should be.

### **Economic Preferences, Moral Values, and the Good Life**

Moral values inform economic behavior. On the face of it, this is an unassailable proposition. Think of the often spiritual appeal of consumer goods or the value-laden stakes of

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<sup>6</sup>Morals are socially constructed, although some (e.g. Haidt 2007, Pinker 2008) have argued that there is a core set of universal moral predispositions such as not harming others, group loyalty, and deference to legitimate authority based on evolutionary predispositions. Appiah (2008) also seems open to the notion of a recurrent set of basic virtues.

upward or downward mobility. Think about the central role that moral questions regarding poverty, access to healthcare, the tax code, property and land rights, and corruption play in the shaping of modern governments, societies, and social movements. The moral aspects of the marketplace have never been so contentious or consequential.

Despite this, the realm of economics is often treated as a world unto itself, a domain where human behavior is guided not by emotions, beliefs, moralities or the passions, but by the hard calculus of rational choices. Many economists recognize “the limits of the self-interested, rational actor as a proxy for human decision making” (Goodenough 2008: 228). The recent financial crisis led even true believers such as Richard Posner and Alan Greenspan to question some of their axiomatic principles. But, as Paul Krugman (2009) has pointed out, a simplified view of *Homo economicus* has come to dominate in much scholarship, public policy, and popular media, basing explanations of why humans behave as they do on rational, self-interested, utility-maximizing individual behavior in natural “free markets”.

There are ethical and political consequences of such models of economic behavior. If humans are assumed to be unwaveringly driven by self-interest, then the economy is best managed by isolating moral questions and concerns. Judging economic behavior and public policy becomes not a question of good or bad, but rather of efficient or inefficient, of how to best maximize utilities (Becker 1996, Becker and Becker 1996, Samuelson 1976). In this view, trade restrictions, national borders, political corruption, religious values, and other such issues are seen as barriers to and distortions of a fluid marketplace. Efficiency is championed as the ultimate moral practice—producing the most goods for the most people (even if distribution is seen to be handled by the fundamental fairness of a free market).

The attraction of such an approach rests in its parsimony, translating the chaos of everyday life into a metric system of numbers and models. Applying scientific rigor to behavior, economics has come to rely on mathematical modeling based on assumptions about equilibrium and maximization as expressed through utility functions (Carrier 1997, Fullbrook 2004; Stiglitz 1993). Textbooks liken the workings of markets to natural forces, distancing themselves from the field’s historical roots in philosophy and ethics. Popular books like *Freakonomics*, *Discover Your Inner Economist*, and *The Undercover Economist* convey a message of ethical agnosticism about human behavior (just let the facts speak for themselves) and fuel the conceit of the brand of economics associated with Milton Friedman, Gary Becker, and the Chicago School.

This trend tragically popularizes a certain variety of economics as the field's public face just when economics witnesses a proliferation of new and innovative behavioral and empirical approaches that not only recognize but embrace the classical model's anomalies. In fact, economics has a good deal to offer anthropology and the other social sciences, especially with its sophisticated models of preferences and utility maximization, attention to macro forces of political economy and corporate behavior, as well as the systematic analysis of rational and non-rational behaviors.

Behavioral economics is working to redefine the limits of rationality, and to document systematic "biases" that subvert rationality (Thaler 1992, Ariely 2008, and others); and a growing number of academic economists work on issues touching on the role of cultural values and moral concerns. For example, George Akerlof examines the ways identity affects commitment and performance within organizations (see Akerlof and Kranton 2005). Robert Frank (1988 and elsewhere) documents how economic decisions are informed by a sense of identity and narrative life history. Daniel Kahneman and Richard Thaler (1991) champion experimental methods and behavioral observation to show how psychology influences rationality. The list goes on. On the margins of the discipline lies a vibrant Heterodox Economics movement and a vocal minority calling for a "post-autistic" approach (to use the 2000 rallying cry of rebellious French students) that moves beyond the "uncontrolled use" of mathematics and better engages with empirical realities ([www.paecon.net](http://www.paecon.net)). These revisions open up the possibility of a more complicated picture of subjective components of economic behavior, especially moral values, that have long been bracketed within utility functions.

### **Moral Economies**

Moral and cultural assumptions about what is good and bad, right and wrong, fair and just are inherent in all economic institutions and systems. Even neoclassical economics inevitably introduces moral premises into its models and explanations; the methodological individualism of rational choice theory is itself quite parochial and moralistic (McCloskey 1998:47). In fact, the free market model is itself a kind of morality that embodies assumptions about who deserves what and what kinds of citizenship are valuable to the national product and national future (Hart 2005). For all its claims to moral agnosticism, such extreme economic thinking has itself become a form of theology (Nelson 2001), laden with

unchecked cultural assumptions and confident about making the world in its own secular image and converting fables about behavior's natural causes into everyday commonsense.

John Kenneth Galbraith (1998 [1958]) presciently observed that, "In the United States, as in other western countries, we have for long had a respected secular priesthood whose function it has been to rise above questions of religious ethics, kindness and compassion and show how these might have to be sacrificed on the altar of the greater good. That larger good, invariably, was more efficient production" (215). As Galbraith makes clear, this is not just a matter of economics, but also one of morality. Similarly, Fourcade and Healy (2007: 304) write that markets are "actively moralized by the deployment of practical techniques, whether self-consciously (as in the case of social responsibility) or in the name of neutrality and objectivity (as in the case of efficiency)."

The idea of a "moral economy", made famous by the work of James Scott (1977, 1985), typically refers to the continuing force of pre-capitalist traditions – especially moral values about fair prices and economic practices – in the face of capitalist development and expansion (Thompson 1971). For Scott, local moral values are an expression of subaltern resistance to capitalism, enlivening everyday forms of resistance and thwarting the consolidation of consensual, hegemonic power.

I follow Andrew Sayer's (2011) expansive understanding of moral economy. For him morals are not external to the market, but internal to all economic orders. This is to say that all economies are "moral" in the sense that they embody and reproduce values. Economic systems are built upon assumptions – often taken for granted and naturalized assumptions – about what is good, desirable, worthy, ethical, and just. These are culturally informed and historically particular assumptions, even though some actors (say, policymakers, neoclassical economists, or human rights advocates) struggle to codify certain values as "universal."

Shared moral values undergird economic systems, including, and perhaps even especially, anonymous market exchange. As Kenneth Arrow (1974) has shown among others, trust, loyalty, and honesty have clear economic value and indeed are essential to the efficiency of the economy. Indeed, pursuit of the intrinsic rewards of a value-based system (virtues) is necessary for the workings of free and fair exchange. Businesses would crash if employees only did what they were explicitly told to do (or were explicitly paid to do); work-to-rule strikes can virtually stop production simply by following rules to the letter. Likewise,

economic systems built simply on the enticement of extrinsic rewards often fail in the long run (see Stout 2010).

Values may also stand in opposition to market relations. Debra Satz (2010) looks at “why some things should not be for sale,” arguing that markets should explicitly be organized around principles of justice as well as efficiency. Most folks accept the prohibitions on markets for human organs, sex, and freedom are just incursions on the free market. Richard Titmuss (1970) even found that paying for blood instead of relying on donations actually decreased the quantity and quality of blood, indicating that folks have a deep preference to give rather than sell certain items. And Michael Sandel (2012) points out that often what is most important is precisely what money can’t buy. And we have *The Hitman’s Dilemma* of where to draw the line between impersonal calculation and human obligations (Hart 2005).

To reduce moral and cultural values to an individualistic and monetary “utility” is to miss an opportunity to understand the fundamentally social and contextual dimensions of human behavior. That morality matters in ordinary people’s economic decisions and attitudes, and that values and norms are historically particular, is contradicted by a market fundamentalism that views morality and moral beliefs as superfluous, nothing more than secondary explanations that detract from an objective account of natural laws: “morality represents the way we would like the world to work and economics represents how it actually does work” (Levitt and Dubner 2005:50).

In fact, how we want the world to work is just as important as how it actually does work if we wish to understand what drives us toward a particular future, what informs visions of the good life. Understanding the empirical complexities of economic behavior in a globalized world demands a kind of economics that is also a science of moral sentiments, a project of ethical reflection. It demands a kind of economics that goes beyond regression analysis and moves into the real world of people living in diverse circumstances, of what they want or do not want, how they see themselves and who they hope to become.



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