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THE GIFT: ITS ECONOMIC MEANING IN CONTEMPORARY CAPITALISM

'Sale.—To buy and to sell, the aim of life.'

Gustave Flaubert, *Dictionnaire des idées reçues.*

Opening Remarks

This study is not devoted either to the institutions of mutual aid, philanthropy, or charity within modern capitalism,[1] or to the donations individuals make to them.

Its concern is, on the one hand, with those transfers of capital without the customary counterpayment (interest, repayment of the whole) of which we have some examples among nations today; and on the other, with the altruistic motives,[2] considered as economically unused human resources.

First of all, we wish to reassure those whose philosophy or character make them disinclined to gifts, or who see the economist interested in such phenomena as a paradox-fancier or a violator of his specialty's frontiers. For they are about to read a rather dry economic analysis, devoted to the

[1] Lord Beveridge, *Voluntary Action, a Report on Methods of Social Advance*, George Allen and Unwin Ltd., 1949, pp. 420.

[2] Definitions below, II.

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transfer of capital without counterpayments between nations, and to a criticism of one of the assumptions common to all systems of Welfare Economics today.[3] If it still annoys them, they can strike out the word 'gift' wherever it appears. Our argument is not a slave to terminology.

Our purpose is to show that there is a close link between the two problems we have just mentioned. To put it more precisely: Capital transfers not accompanied by counterpayments seem destined to become an unexceptional procedure, and, perforce, a training in solidarity: they will necessarily lead to the exploitation of an underlying layer of altruistic motives which are still dormant and uncultivated today and which it is perfectly unjustifiable not to make use of economically.

With this special and qualified object chosen, the reader will understand my speaking of gifts and even my beginning by a distinction—strictly scientific and neutral in nature—between *pseudo-gifts* and *gifts*.

Gifts to customers have the increase of the firm's profit as their expressed social aim. Such gifts are directed toward important businessmen or consumers, in forms the details of which are not very important here. This type of gift is a purchase of allies, influence, additional customers, or the loyalty of customers already won. A merchant gives 'for money': this is what the *Bourgeois Gentilhomme's* father was doing, according to Covielle.[4]

The Marshall Plan Gifts had a coolly calculated business operation for their avowed social object.[5] They were a purchase of security (the prevention of communist subversion), influence, and customers, over a period and in ways which are frequently indirect. They were accompanied by contractual and institutional regulations to check waste and inflation. They were based on comprehensive and collective calculations which are the opposite of the specific and individual calculations that underlie loans of a private kind.[6] They involved, without the familiar conditions,[7] chains of

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[3] We are speaking here of theories and doctrines, not of practices or policies.

[4] Moliere, Act IV, Scene 3. 'He, a merchant! That's pure slander, he never was that . . . as he was a very good judge of cloth, he went about choosing pieces everywhere, had them brought to him and *gave* some of them to his friends . . . for money.'

[5] 'The Marshall Plan . . . is strictly a business proposition.' Declaration of the Administrator of E.C.A. before the annual convention of American bankers. The total of Marshall Aid to Western Europe (April, 1948–December, 1952) amounted to $13,812 million, of which gifts accounted for $10,991 million, say 79.5 per cent.

[6] On this point, see Perroux, *Le Plan Marshall ou l'Europe nécessaire au Monde*, Paris: Librairie de Médicis, 1948.

[7] The conditions of the movement, utilisation, and repayment of capital in international relations, according to classical theory.

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positive economic consequences,[8] and thus recall to our attention a phenomenon that characterised the bulk of international loans of the nineteenth century, on which neither the service charges nor reimbursement of the capital sum have ever been completely accomplished—a portion of which have, nevertheless, fulfilled their economic purpose.

The gifts and capital transfers on favourable or extremely favourable terms which we meet with in Lend Lease, in the Technical Assistance Programme, in the Colombo Plan, have an admitted social end which is complex in nature: the individual interests of the powers that furnish the capital are not concealed,[9] but the spirit of solidarity and even the reality of the 'human family'[10] are also invoked.

Gifts of the first group, the explicit social aim of which is to procure some economic advantage to the giver, to the recipient, of course, and eventually also to third parties, can by pure convention be called *pseudo-gifts*. The extreme type of this order is the unalloyed gift to customers, where the difference between giving for the sake of gain and giving for the sake of the gift is maximised.

The following are data of a different sort.

In France, after the recent war, miners gave a day's work to obtain a sack of coal for each political deportee in a region (there was, following the Liberation, an extreme scarcity). The social aim in this case is to help, to give to others without any desire to take anything in return.

The same is true when gifts are organised to be sent to the populations of friendly countries that are victims of need or misfortune (Holland, Greece).

The work of the Swiss Gift (1944–48) was utilised to 'help the unfortunate, for the Good of Humanity',[11] and it granted not money but materials and services.

U.N.R.R.A. (1943–46) fought famine and poverty by distributing aids of which 80 per cent were in the form of gifts pure and simple, raised by contributions amounting to 1 per cent of the income of the member states.

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[8] Complementary effects in terms of actual goods and services, increase in production and in the over-all level of production in terms of goods and services.

[9] About the Technical Assistance Programme, Mr. Dean Acheson said in a speech on 25 January, 1952: 'It is not philanthropy that motivates us . . . . But there is a hard-headed interest in this programme.'

The government of the United Kingdom considers the Colombo plan as a contribution to the economic strength of the sterling zone. See *The Colombo Plan*, 2nd annual report. . . . October, 1953.

[10] Speech of President Truman, 20 January, 1949. Speech of Mr. Dean Acheson, cited above.

[11] Report for 1949.

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In these cases the social end came under the principal and exclusive head of service to others, or, to the extent that we admit that such a service is the object of a generally human impulse, the social aim here is the satisfaction of the impulse to give.[12]

By convention, operations of this kind may be called *gifts*.[13]

Pseudo-gifts and gifts do not fit into the little compartments that economic theory has designed. For an operation to fit into the interplay of these compartments, it must first fit into the fundamental compartment: the onerousness of exchange. A person gives up something to another in order to receive something from the latter; it costs him something to give something; he does so freely, and by calculating carefully, in order that, at the end of the exchange operation, the result is an exact balance between what he gives and what he receives. On both sides, exchange is individual, free, burdensome, calculable and calculated.[14] We see this characteristic entirely obliterated in the case of pseudo-gifts and in gifts carried on among social groups and nations. Without any prefabricated compartments, then (that is, practically without hope, so far as the theory goes), let us turn to a highly concrete and threatening problem.

I. *Capital Transfers without Counterpayment and Economic Development*

Concerted disarmament would create a grave problem of transition: this would result from the world-wide reduction of purchases from producers, and from the rhythms of such a reduction. The heavy industries have adjusted their level of sales and their level of capacity to armament orders, and without these orders, they could not maintain the level; obviously, the whole of the economy is also aligned on these levels. The risk is thus one of a major depression, wiping out the reconstructive efforts of the world economy and bringing all the dislocations of the Great Depression to bear on the nations. If they follow this reasoning, even those economists who are most hostile to the theory of the 'dominant economy'[15] make free use of it and apply it inevitably to the United States, a nation which undoubtedly would play a crucial role in the unfolding of a depression.

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[12] Within fixed conditions.

[13] The extreme type is the gift of the pelican.

[14] 'The most basic *Law* of economics, namely that one cannot get something for nothing.' R. F. Harrod, *Towards a Dynamic Economics*, MacMillan and Co. Ltd., 1948, p. 36.

[15] 'Esquisse d'une théorie de l'économie dominante', *Economie appliquée*, Nos. 2–3, 1948, pp. 243 *et seq.*

Now let us assume that the independent corrective measures carried out by the United States would be very great. Let us suppose that that country practises anti-cyclic policies by intensively sponsoring compensatory government orders; let us even suppose (this borders on Utopia) that, converted and repentant, the United States gives up its protectionism during a depression and maintains its level of imports or checks their fall.

It is an easy prophecy that all these measures, which fail to attack the *essential* factor, could not be maintained long, if they were not accompanied by something else.

By what?

By a concerted action of the Great Powers, aimed to allocate collectively a level of production which, if left to itself, would not, it is only too apparent, *maintain its own markets.*

A world programme of development centres being established, the countries hit by the depression would come together for the joint exportation of *complementary assortments of capital goods* towards strategic points. These complementary assortments of capital goods are to be distributed in the form of gifts. An indemnity payment is accorded to the producers by an International Maintenance Centre, supported by the expenditures now applied to armament, and, after the rise in the production of goods and services in the countries which benefit from the gifts, by contributions from these countries calculated according to the increase in their production.

The object is to maintain the capacity reached now by arming, and to manage the market in such a way that it undergoes the slightest possible quantitative fluctuations and the least jolts. The means is to commence with what exists, that is, with the commitments made for rearmament, and to transform them into means of financing the common good. The result, if the operation is correctly conducted, would be a development of world trade of a volume and turnover-rate unknown until now.

We do not think that anybody can *a priori* consider this operation as technically unrealisable, since it consists in utilising for collective ends of prosperity some sacrifices which have already been accomplished (expenses for rearmament and war-preparedness). Nobody can invoke the laws of the *market* against this operation, because rearmament was itself without relationship to the needs of the market (consumers), but on the contrary caused huge distortions in the allocation of resources, compared to what the market would have called for without rearmament.

In the strictly economic order, the operation supposes that it is possible to make economically justifiable investments without resorting to the traditional procedures (difference between interest and the net yield, at the margin, of individual units of capital).

In the psychological order (or political, if you wish) this operation supposes that people consider a joint Work to be carried through as of more importance than the application of rules of commercial equivalence.

A.

The assumption is current today that two entirely opposite methods of investment exist in the world: the Russian and the Western. On the one side, we are supposed to see authoritarian transfers of resources, without interest or repayment of the whole sum, carried out on the basis of over-all plans and figures. On the other, particular supplies and demands of investible funds are determined by particular calculations of profitability. At this degree of generality, the contrast is neither false nor very interesting. It is more worth while to see that each system does or tries to do, in practice, very different things from those it professes or that its logic requires. When we do not form our beliefs haphazardly in such matters, we are likely to find a valuable clue in this circumstance.

So far as we know what happens in Russia, the practice and the doctrine of investment are stumbling blocks to them. Large investment funds are parcelled out by the Plan, but to prevent waste, the Soviet authors of the Plan can be seen tortuously and painfully rediscovering 'analogues' of the interest rate. But this they cannot really do: interest is, before it is anything else, *an indicator of economic choice*.

Interest, however designated, is, first of all, the price of capital on the market; that is, it permits the estimation, for one employment of capital, of the cost of the renunciation of another use. It is a figure that enters into calculating the best economic combination of the productive factors—capital included—provided that the other factors themselves have a price.

In the long run, interest, including a time-dimension, permits the calculation of the best combination, account being taken of four elements: the kind of product, the amount of product of the given kind, the length of the production period, the reduction of costs brought about by the use of capital.

The reader will carefully note: calculation procedures (for example, the capitalisation of a net yield) starting from an accountable interest charge are one thing; the coincidence of the accountable interest charge with the *real conditions* of the relative scarcity of capital is quite another. The central

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agency can always arbitrarily set a price on capital and let firms equalise the marginal productivity of capital, in different uses, to this price; or it can arbitrarily fix a price for capital and a price for labour, and let firms equalise the marginal productivity of the two factors to these prices. This type of operation does not at all insure that the real conditions of the relative scarcity of capital will be expressed by the arbitrary price. For the case to be otherwise, it would be necessary for the saving, producing, consuming individuals themselves to render their own verdicts on the attractions and the obstacles which they experience in the use of capital, that is, for the capital market to function along with the market for the other services and goods. Interest is not the phenomenon of *a* market, it is a phenomenon of *the* market.

The confusions between Soviet practice and doctrine confirm that interest exercises fundamental functions and that it is not to be thrust aside without getting in return some indicators of choice which are much cruder or purely specious.

But going on from this, it would be erroneous to suppose that an economy based on the market can today turn over completely to the mercy of the market-impulses its desire to make sure of its own development and of the development of the underdeveloped countries which are part of its living space.

Contemporary economies, even if they carried out a sweeping revision and contraction of their public sectors, would still contain vast zones[16] in which investment could not be made according to classical procedures. We shall select only one group of these investments for fuller discussion, because it is frequently neglected: investments in men.

Let us distinguish at once a single example from this large category; let us consider the investible funds used to improve the recruitment and raise the intellectual, professional, and moral level of the functional *élites* in a nation (let us say the 'best'[17] research-workers, magistrates, administrators, teachers, engineers, skilled workers and artisans, etc.). The funds used to maintain and renew these groups on the basis of an effective competition among talents, not warped by considerations of possessions and social connexions, to improve and perfect young people *after* the finishing of their studies and their taking-on of active positions, are not and would not be lost. No spontaneity of the market makes sure, however, that they will

[16] Investments effecting a structural change in big businesses, combined public investments destined to reclaim a region, etc. . . .

[17] Preferably, according to objective criteria, or as much as possible, i.e., in terms of productivity.

be supplied, demanded, applied at the best points and in good time. The reproduction and increase of capacities, which are vital inner springs of any economic development, escape the workings of the automatic market.

As for those underdeveloped countries where the market for investible funds *does not yet* exist, the pure and simple application of the classical rule would mean that investments would be made there according to the *lender's* calculations *alone*: and this is in fact what happens at the stage of the first colonial or similar contacts, although it would most often be a distortion to confuse these operations with the private calculations[18] of the market economy. When the initial stages have been passed through, another way must be found. As it is impossible to hope that, in disjointed economies with markets where competition is very impure and very imperfect, investible funds will be apportioned in such a way that their yield tends to be equalised in every use, an effort will be made to plan investments in such a way as to realise their social productivity, that is, the composite effects on national income, on the balance of trade, and on the use of available capital; and to co-ordinate them in view of this social productivity. Such is, at least, the principle, which, at present, represents only the foretaste of an experiment.

This experiment is conducted, unfortunately, by nations; this means that the calculations of social productivity are twisted from the very start. When an underdeveloped area is compartmentalised into nations, and, additionally, into zones of influence of the great powers, the isolated calculations of social productivity lead directly to duplications of efforts, and to the waste of foreign capital and of the local economic resources. It would be more in order to develop *centres* or *poles* of growth, national lines being left out of consideration, and to employ for these centres our very modest, but highly improvable, calculations of social productivity. An interfunctional development and an interfunctional movement of goods would little by little appear, more essential, and perhaps more stable, than those international movements by which we are obsessed.

To tell the whole truth with respect to the present state and future chances of the market-based economy, we must then say that its fortunes certainly do depend on market procedures, but also on some transfers of capital entirely different from those with which the market has made us familiar.

Is the fact that these transfers may be without counterpayment (interest,

[18] They are intermingled with political decisions and use public controls which have no connexion with the operations of the market.

repayment of the whole) an economic monstrosity which necessarily holds promise of catastrophe?

Two classical laws, which nobody would contest under certain fixed conditions, seem to counteract the possibility of transfers without counterpayment. But are these conditions present in the case we are examining?

The first is the law of the international distribution of capital. The capital sums in the world are distributed in such a way that their net yield tends to be equalised no matter how they are employed. Interest lower than the market rate, a loan without interest or repayment, even more certainly a transfer of capital without counterpayment, are thus perilous heresies. Such acts would bend the mechanism out of shape and bring about distortions in the market of capital-suppliers and in that of capital-demanders. Unfortunately, the argument presupposes the existence, among those who want the capital, of markets, and even of markets which are neither too impure nor too imperfect. It collapses when the markets are yet to be created, or when the mechanisms of the international market are so enfeebled that they must be supplemented. Thus if we want to create ultimately those conditions under which the classical theory becomes valid, we must refuse to accord that theory any superstitious awe now. Let us note, moreover, that empirical studies of international investment in the nineteenth century do not verify the classical laws: political actions in the service of economic and financial groups and of nations played their part; if they happen to be replaced today by collective actions more submissive to the common interest, is there any reason to cry scandal or novelty?

The second law is the liberal law of the automatic nature of international transfers (considered here, let us not forget, in the relations between countries of *very unequal* levels of development).

Let us carefully distinguish two phases.

In a first moment, the loan is normally transferred in the form of a surplus of products exported by the lender to the borrower: the loaned currency becomes utilisable only by an excess of the borrower's imports over his exports; the stipulation of interest or repayment has no direct part in this mechanism.

In a second moment, the transferred product permits the borrower to raise his real total production, to make sure of the service and repayment of the loan and to redress his two balances, that on current operations and that on capital. In this last respect the 'automatic' actions in the course of a long evolution are obviously so precarious, that economists generally feel the need to present a table of the successive stages of development of the borrower country.[19] This is a fine tribute[20] rendered to the idea that a link exists between structures and mechanisms. Furthermore, it is a logical description, unrelated to a rigorous analysis of necessary chains.

Let us ask, once again, in what way the obligation to make good on the service of the loan and to repay it will create economic constraints in the borrowing country which drive it to augment its total production of goods and services and to keep its prices at such a level that the surplus will be exportable. To give full force to the liberal thesis, it will be granted that the borrower is on the gold standard.

These economic constraints are twofold:

1. The obligation to liquidate the debt requires strict management and conspires in the lowering of costs and prices in the borrower nation. This argument, which is that of the 'brake on waste', is really of only middling importance. In the most rudimentary of the underdeveloped countries, it works as a kind of education, combining advice and pressures, which will prevent the bad use of resources: a good fiscal reform, favourable changes in the managerial *élites*, however, have more weight than the obligation to repay. In countries which already have their basic capital equipment and are building their modern economy, these considerations are scarcely less evident. And it would be paradoxical to expect that the obligation to liquidate the debt should produce in the underdeveloped countries effects which nowadays are becoming less marked even in the industrialised countries.

2. The obligation to liquidate the debt entails a contraction of the gold reserves in the borrower country, and, if the circulation of money obeys the classical laws, a deflationist pressure. But if it be recalled that in many underdeveloped countries, economic activity is exposed to accidents of nature and to wide and sudden swings in a few very concentrated exports, we may well ask whether the argument does not prove the contrary of what it was supposed to prove. Strictness, simple lack of understanding on the creditor's part, runs the risk of plunging the debtor into a crisis[21] which will shatter the classical mechanisms even if they are in process of formation.[22]

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[19] Examples in the current literature: the six stages described by Geoffrey Crowther, *An Outline of Money*, Thomas Nelson and Sons, Ltd., 1945, pp. 387 *et seq.*; the five or six stages of Stephen Enke and Virgil Salera, *International Economics*, Prentice Hall, 1947, pp. 637 *et seq.*

[20] A rather unwilling tribute among the most unyielding liberals: they claim, as is well known, that considerations of structures are entirely negligible.

[21] 'Historical': not at all related to the more or less natural pulsings of the economy.

[22] The monetary history of the Latin American countries offers some good examples.

We have no precise reason, then, for invoking in the case at hand the laws of liberal theory that run counter to the practice of the gift. Donation is one process, as any other, of managing capital resources economically; like any other, it must specify its own techniques, respect its code of careful action, constitute its legal rules, in practice. But it cannot be excluded, in the name of liberal laws and of liberal mechanisms elaborated on the basis of cases that have no relation with the one to which it is applied.[23]

B.

The psychological conditions of the operation envisaged are no doubt less upsetting than they might seem, to the attitudes extolled by liberalism in its militant days. The success of the endeavour actually depends on the triumph of the enterprise mentality over the *rentier* mentality. And this for the following reason.

Given that the magnitude of the service on the loan (interest, repayment) is of no great importance with relation to the total receipts on the capital account and to the total receipts on the operating account of the developed country; given that the magnitude of this same sum *is* important with respect to the total liabilities of the underdeveloped country; the wiping of the slate, that is, suppressing the service on the loan, while very noticeable to the underdeveloped country, is not very perceptible in the developed economy. It becomes negligible when the developed economy can in the long run realise a considerable augmentation of its total export-market. This is what will happpen when the 'generous' decision: (1) increases the import-market of third-party nations whose real income rises because the underdeveloped countries are not shaken by recurrent insolvency-crises and because trade with them develops; (2) increases the opportunity of the developed nation to export to the underdeveloped nation itself, free from the shocks which would have disturbed the rhythms of its development.

The gift becomes good business by the increase in markets. Even for a given and constant average rate of profit by unit, the additional profits

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[23] The Gift, understood as it is above, is not in any respect a free credit-operation, from the community's point of view. From this point of view, there is no more any free capital than there is free beefsteak, inasmuch as capital and beefsteak are not free goods.

Then too, the gift reduces the offerings of investible funds on the lender's market.

Finally, in the collective operation which we have been envisaging, the International Maintenance Centre would receive in due time the contributions of the beneficiaries, but these would be calculated in the common interest and would not resemble the mechanical (except for corrections) service and repayment of international loans in their customary form.

will recover a part of the interest and the repayment.[24] All the more necessary is it, then, that in the country (group of countries) from which the gift issues, there should be a vigorous spirit of enterprise, a heightened speed of reaction of industries, and that people should have a propensity to give up their *rentier* coupons in favour of entrepreneurial profits. In a world that approves of the gift, it is indispensable to rehabilitate enterprise and its specific income.[25]

However, the operation under examination does take us far from the equivalence of offerings in an exchange, as that is understood in the individual economy. This operation, which is collective in its spirit, is collective in its results too. It uses, for the attribution, for the collection of capital sums, types of calculation that we have still inadequately mastered, that we cannot avoid, and against which those who have faith in the 'nothing for nothing' principle will always have plenty to say.

The centres of development, by their expansion, would cause some nations to prosper or lose a little more, others a little less: they will very unequally favour or disfavour industries and social groups. Briefly, the whole system rests on a preference given to the Work that is to be done, and puts a damper on the excessively rigorous calculations of the special interests of individuals, social groups, and nations. In this sense, it is a training in solidarity: its launching requires, and its development might reawaken, some categories of human motives on which classical liberalism and everything that springs from it have never sincerely counted.

II. *Disinterested Motives and Economic Return*

It will not be forgotten that the neomarginalisms all adopt a principle of neutrality with respect to human motives, and welcome them without distinction of kind into their scales of preference and their indifference systems. But, while pretending neutrality, they are, in reality, partial to one aspect of human nature: by holding their agents to the maximisation of advantage, in utility or in cash.[26] Their logical structure itself causes

[24] It is abundantly clear that to this nucleus will eventually be added capital gains, speculative profits, etc.

[25] Perhaps it is not exaggerated to see in this one of the sociological reasons why the gift-received is in demand and the gift-given is abhorred, among peoples where the *rentier* mentality is more widespread than the entrepreneur mentality. Demanding that acquired situations be financed, refusing to finance another's development: these are complementary attitudes.

[26] Firms maximise profit, the seller of a service, his net income, the buyer of a product attempts to obtain the maximum of goods of the best quality while giving up the least possible in money, etc.

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their analyses to exclude three facts which impose themselves on us in spite of the theories: the specificity of the disinterested motives, the failure of individual and marginal calculations, and the collective representations of groups.

We should not forget, moreover, that liberal policy—which is not at all a scientific deduction from equilibrium theory—never has, at least in its intelligent forms, refused to see altruism at work in societies. Still, it places all its weight on personal interest: the fundamental and elementary image which it accepts of the economic act is that of individuals in search of material *gain*, inflating their incomes, rounding out their holdings.

The economic utilisation of the disinterested motives is thus the opposite of a thing taken for granted, to a point where the very existence of these motives must be recalled to mind.

Biologists affirm the existence of such motives unhesitatingly. Jean Rostand, for example, draws from 'the invariance of instincts' the certainty of the 'permanence of devotion and of sacrifice'. He specifies that the 'propensity to love and to give oneself . . . exists potentially in every man', and that education is far from having developed them to the fullest.[27] Serge Tschakhotine[28] enumerates four fundamental instincts, which are active in animals under elemental forms, with us in sublimated forms: the instinct of struggle, the instinct of nourishment, the sexual instinct, and the *maternal* instinct which drives the creature to sacrifice itself for another and which is anterior to any free choice and to any ethical exertion.

In their own perspective, the characterologists echo this. Thus René Le Senne starts from the fact that the mind always combines an awareness of self and an awareness of the limitations of the self; from this he deduces two fundamental attitudes: egocentric and altruistic. 'Every man', he writes, 'is at the same time egocentric and altruistic.' Emmanuel Mounier[29] thinks that the two-part term 'generosity-avarice' is perhaps 'the most essential' of the psychic specifications.

[27] 'Whatever may be the future of our society, whatever type of organisation it may adopt, we must foresee that the invariance of instincts will assure to it the permanence of devotion and of sacrifice. This propensity to love and to give oneself, which exists potentially in every man, widens and develops more or less well according to circumstances and perhaps according to individual predispositions. I think that a pedagogy inspired by psychoanalysis would have an opportunity to favour the evolution of instincts which, at present, do not mature except in some of us.' *Ce que je crois* (Paris: Grasset, 1952), pp. 78–79.

[28] Student and disciple of Pavlov, *Le viol des foules*, Paris: Gallimard, 1938.

[29] *Traité du caractère* (Editions du Seuil, 1946), pp. 332 *et seq.*

Everyday observation and historical observation alike reveal innumerable and effective forms of *giving oneself*, and reveal that the gift is apprehended by the collective mentality as a category irreducible to mercantile exchange, and more respected and honoured the more exempt it is from egocentric motives. Philosophies, religions, literatures bear witness to it: although there may never have been a single act of perfectly pure giving under heaven, yet it is certain that men have formed and venerated the idea, and that this idea has resounded in individual minds and in group representations.

We shall thus consider the existence of a family of disinterested motives as incontestable.[30]

This minimum is enough to open the door to rather radical criticism of the organisation of economic life in our societies.

If the desire to give haunts every human being, an economic organisation which does not normally grant occasions for its satisfaction could not, by definition, realise the conditions of optimum social return: individuals are satisfying only one part of their tendencies while another part of their tendencies is sacrificed or blocked up. Society as a whole receives the fruits of the unilateral unfolding of the activities of the individuals it contains, and not the fruits of the diverse, total development of these activities. Individuals and society, far from being organised according to their nature, are organised according to a partial, limiting order, adjusted counter to the current of natural generosity. It is superficial to construct, on this basis, a schema of maximisation of social return, since from the start, from the very outset, the social order suppresses or stifles a whole set of motives that might yield returns. The stylised image of the society of uncomplicated merchants, animated only by personal interest, is not neutral but highly partisan, not indifferent but very crippling.

In this respect, the analyses and doctrines of all the systems of 'Welfare Economics' which we have today, are in some degree partisan and crippling. They fully accept the postulates of neomarginalism, which considers the individual subject as moved only by the desire to profit, to maximise an advantage expressable in money, with the only difference that they propose, with respect to the system thus constructed, some indicators of

[30] It can be designated in a formal and neutral way by the term 'desire to give'.
For our (precise and limited) purpose, 'disinterested' is considered as perfectly synonymous with 'allocentristic', 'altruistic', etc. We know that *it is nothing of the sort*: but we retain only the minimum necessary for the analysis presented.

correction[31] or some morphologies of corrective measures.[32] These analyses and doctrines hold themselves carefully aloof from the central difficulty: the utilisation, through the education of individuals and institutional reform, of a whole family of resources in human psychical mechanisms, today unreservedly thwarted or left fallow or half-asleep. The systems of 'Welfare Economics' are a striking effort to make some external retouches without the pangs of a thorough reform.

It seems, however, that this tremendous problem has moved the minds of some of the great pioneers in our discipline. One of them breaches it with delicacy, care, when talking of some restricted topic. Another attacks it as the dominating theme which throws light on all his studies.

Let us re-read Alfred Marshall's forgotten speech, delivered 9 January 1907, at the Royal Economic Society's dinner. He devoted it to 'the social possibilities of economic chivalry'.[33] The author of the *Principles of Economics* starts with a very concrete statement: some 11 per cent of the national income of Great Britain, at that time, was very probably being spent by the rich, to the detriment of the community, in acquiring a title, in obtaining honours, in assuring themselves social influence. This unproductive expense could nourish social progress, if the public spirit were adequately developed[34] in such a way that chivalrous conduct was sanctioned by public opinion. Chivalry in business ought to become a counterpart of military chivalry.

Alfred Marshall saw three components in 'chivalry'. It is 'noble' behaviour, pointedly understood as incommensurable with mercantile motives and behaviour; it consists in 'doing noble and difficult things because they are noble and difficult'. It is a capacity for leadership. It is an activity directed towards service and not to the search for profit by whatever means. Chivalry in the exercise of economic life goes alongside chivalry in the use of wealth: its code is observed by the rich man who *gives* to the people of his country what he has acquired.[35] Ratified by public opinion, this code would govern not only certain individuals, not even the individual, but rather the whole community.[36] Essential and true socialism lives by this spirit and could not triumph without it.[37] But this

[31] 'The method of surplusses' of J. Duput and J. R. Hicks.

[32] 'The typical corrective measures' proposed by A. G. Pigou to attain the three fundamental conditions (maximum national income, regularisation of flows, equality in distribution).

[33] 'The Social Possibilities of Economic Chivalry', *Economic Journal*, March, 1907. This article, as is well known, is used and cited many a time in Book VI of his *Principles*.

[34] Article cited, p. 26.

[35] *Ibid.*, p. 27.

[36] P. 27.

[37] Pp. 28, 29 and also 23.

spirit has the potential power to rectify, to validate, and to reawaken the system of free enterprise.[38] So spoke Alfred Marshall, aware of the deflexions which a mercantile society forces even on powerful currents in men's souls and eager to transmute factitious benevolence into effective benevolence: passionate about a spiritual reform that would liberate the society of noble men, now ready to break through the cocoon of the shopkeeper-society.[39]

This essential part of man, which the analyses of interest and of mercantile procedures do not reach and cannot wipe out, throws its light on the admirable Chapter VI of Book IV of J. S. Mill's *Principles*.[40] The tendencies to the exhaustion of progress, which preceding ages reveal, seem like a preparation for that judgment on economic progress in the name of 'human improvement' which is the real meaning of Mill's famous view on the 'stationary state'. The spirit of struggle for the multiplication and possession of wealth depends on those gross motives to which recourse may be had when nothing better is available.[41] The blind, frenetic[42] activity that it arouses robs men of the fundamental conditions of their fulfilment: leisure and solitude.[43] Left to itself, this activity has not brought the 'great changes' which should have made mechanical inventions 'the common property of the human race'.[44] Thus, in the name of motives and values impervious to mercantile interest, society can perhaps be reformed consciously and without fear[45] though it were to lose a little of its dynamism. And if, in the last analysis, the unleashing of progress is to leave degraded men facing a humiliated nature,[46] it must be hoped that humanity will choose the stationary state, and that men will make this choice 'long before necessity compels them to it'.[47] This is the dialectic of passing beyond the historical economy in favour of the economy of all men and of the whole man, the rejection of an atrophy of human personality through the unilateral, monstrous development of a dangerously privileged sector of its potentialities and its motives.

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38 P. 28.

39 Marshall insists on this point: the spirit he praises is not, if I may put it so, *imagined*: it is already present and active.

40 *Principles of Political Economy*, London and New York: Longmans Green & Co., 1929.

41 P. 749.

42 P. 748.

43 P. 750.

44 'The common property of the species'.

45 Pp. 749–750.

46 P. 750.

47 '. . . I sincerely hope, for the sake of prosperity, that they will be content to be stationary, long before necessity compels them to it'.

It is important to quote great thinkers in favour of our theory, because it is so fashionable today disdainfully to relegate the very questions that matter the most into the field of 'metaphysics' or 'philosophy'.

Now it is extremely important—without leaving the field of *economic* observation and analysis—to ask ourselves the following questions.

Do not the exclusive accentuation of personal interest, the systematic development of egocentric motives, belong to a stage of our societies which is about to be superseded?

Or again: do not the collective forms of production and of distribution within nations, and the supranational attempts at collaboration among peoples, impose forms of individual conduct and of collective concepts that are very far from those by which the liberal, individualistic societies lived?

Or again: when the very survival of individual ownership, of private enterprise, of the quasi-free market, is conditioned on reform of leadership, is this conceivable without a reform in attitudes and in motives?

This suggests the question of the compatibility between institutional frameworks and mental frameworks.

It seems to be true in several countries—very visibly so in France—that people's motives and attitudes do not yet conform to the *real* economic organisation and the *real* economic mechanisms. Our public finance, the policy of public investment, Social Security, the nationalised sector of our economy, all conduct transfers of resources the objective[48] of which is to attain a social optimum. Individuals consume more or less than they have produced. Furthermore, if one looks at the conditions under which the product is obtained and processed by firms it becomes clear that the *external economic environment* makes it practically impossible to isolate a firm's own product and profit in such a way that they would be rigorously and exclusively its own, still less to impute this product to the activities of the firm's employees alone and this profit to the decisions of the head of the firm alone.

The principle of the strict (and obvious) equivalence: 'every one has a right to his own product', comes sharply into question. Only our individual and collective notions lag behind. Businessmen by and large continue to reason, to react and to act as if the economy were in no way collective. To this lack of comprehension the workers in turn oppose an equal lack of understanding, and warp the system with an obsession about special claims and class claims. Men in government and the State, slaves of the

[48] If not the result.

weak modalities of parliamentary democracy, assume the prejudices of the interest-groups, or compromise with them: they hesitate before the real task of education and character development which is the *sine qua non* condition of the functioning and fruitfulness of a partially-collective economy. What is needed is to get disinterested motives to work in everyone. New social types have to be created boldly, functional *élites* animated by the spirit of giving: what is happening instead is that people are stagnating in an unwearying repetition of platitudes about 'personal interest' and about the 'coincidence of special interests with the general interest'. It is this thin gruel that is passed out to workers and to youth, with premeditated cynicism or a smug refusal to think things through.

In the attempts at supranational organisation, the same paradox is apparent. Mother countries, in order to contribute to the development of the territories of the Union, have no other means available than to transfer to them a capital of technical knowledge, a heritage of *disinterested* culture, investible funds and capital goods: this cannot happen without precise, positive sacrifices, imposed or accepted. Co-operating nations or those that seek to 'integrate' their economies, are confronted with problems of dividing charges, of resources-transfers, of gambles in favour of new structures on which classical analyses have nothing essential to say. All these procedures presuppose a preference for the common task over rigorous calculations of equivalence; they require that each accept in principle the risk of giving more than he gets, for the benefit of a collective, long-run advantage. But, at the very moment when such evidences are emerging, we see some of the partisans of supranational formulas renew the cults of personal interest, of fiercely private ownership, of the *neutral* market set free from the institutions of social solidarity. A kind of diplomacy of vested rights and of national special interests seems to consider it a sell-out or treason to exhibit the real difficulties these problems involve and to proclaim that the fullest possible utilisation of disinterested motives is the condition on which this economy is founded and the end to which it is tending.

A modern economy open to disinterested motives and to the spirit of the gift has nothing in common with an economy where institutions of philanthropy flourish and where donations flow in when they are asked for. It is not an economy which renders to the gift its proper portion; it is an economy whose vital institutions require the utilisation, in everybody, of the disinterested motives whose properly economic functions have been restored. In every individual, the centre of interest and the pole of action

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would be in its fundamental tendencies switched from self towards others: a collective accounting of assets and liabilities would tend to correct the individual accountings of 'owing' and 'owning'. This tendency can be pleasing or unpleasing, we have no intention to judge it morally: we are stating it in order to analyse its conditions and its consequences.

Similar conclusions, we think, flow from a close examination of the notion of competition.

The very idea of competition, in a civilised society, cannot be formed without the antecedent and prevalent notion of co-operation: competition of individuals and economic units is instrumental with relation to a common work.

In a civilised society, competition is not an act of war, or even conflict—short of the act of war—which may suggest the master-slave relation. It does not tend to destroy persons and goods; it does not even tend to enslavement; it tends to a controlled utilisation of the instinct of struggle with the object of installing or restoring a general equilibrium and of selecting *the best*. Inequality is the dynamic essence of competition: a necessary inequality, otherwise there could be no 'better' one; a limited inequality, otherwise there would only be a 'stronger' one. The rule of the game,[49] by defining the *best*, *ipso facto* specifies the forbidden blows and the permitted blows. It cannot be formulated without reference to an aim common to all those who participate directly or indirectly in the game. The rules would not be observed by all without a discipline of the game, a solidarity in the game, and even a spirit of the game. The loser performs his obligations, he does not resort to arms; the winner does not ask for the loser's life after he has his purse.

The observance of the rules of the game of competition is one thing; the fierceness of the egocentric motives when they are unalloyed and unbridled, is quite another. This is demonstrated every day by the battles of groups that break out of the game when the rules go against them, and by the wars—cold or hot—of nations in scorn of the rules of the game or with the purpose of imposing the rule of the game that suits their object. Plans of units, simple or complex, are not normally compatible in action. The formation of prices suffices less and less, by itself alone, in rendering them such. Recourse to constraint, which is always very expensive, would become impossible if it should become general and continuous. A will to accomplish a common task, concretely defined and judged valid by all,

[49] We are *not* making *any* implicit reference here to the Theory of Games (Neumann and Morgenstern), nor to that of the formalisations of economics which it has already produced.

ought necessarily to compensate for the manifest insufficiencies of constraint and of price. Competition becomes *practicable* less when it is fenced with codes and checked by umpires than when the competitors, small economic units and nations alike, show evidence of that self-control which the pursuit of a common object requires. Without a sense of that common object, the instinct of struggle, domesticated by complex, fragile attempts at education and social pressure, returns to the savage state.

The disequilibrium caused by the unilateral development of individual egocentric tendencies *ruins* economic competition.

Concluding Remarks

The gift is rightly suspect in contemporary capitalism.[50]

That system has diffused and intensified to a never-attained degree the cult of the acquisitive faculties and the passion for lucre; by its very functioning it contaminates and undervalues the gift.

In this system we see honours heaped on the great beast growling over his charnel house and flattery given to the snarling little pug lying on his bone. To be sure, the human flame blazes up handsomely, or smoulders under the ashes. But the higher part of man is doubted: that part designated by words that have become a mockery: nobility, disinterestedness, respect for one's fellow, service to others, giving oneself; that part in which practical economics places no confidence; that part which suggests the conduct of four-footed creatures so devoid of reason as to forfeit themselves, *against* their own interest.

In this climate, insufficiently studied gifts spring up. The two principal varieties are the purchase-by-gift[51] and the alibi-gift. Capitalism cultivates the gift, it puts its mark on it, makes of it its creature. It is thus methodologically sound for capitalism not to show that the sums given away would redress the logic of the system, correct the vices of its functioning, or indicate a compromise between egocentric and altruistic behaviour.

The essential thing lies elsewhere: *the essential is indicated by the lines of true resistance* to simplified egocentrism. It lies in a widespread total (we

[50] It was suspect, for other reasons, in preceding systems.

[51] Worthy of study is the 'tip' to the submissive intellectual. One could distinguish the gratuity in money and the gratuity in kind. Also: the tip for the speech, the tip for the attitude, the tip for the written text. As La Fontaine already said:

'. . . and you who dedicate
To the Gentlemen of finance
Naughty books that are paid for very well.'
('L'avantage de la Science', Fable XIX, Livre VIII).

have prospected only a corner of it) of transfers of resources without immediate mercantile counterpayment.

These pseudo-gifts have crucial importance,

1. because they are procedures imposed by historical evolution itself for the better management of contemporary economics;

2. because they cannot fulfill their functions, even now, without some appeal to human motives that economics has left fallow;

3. because they will reveal their full fertility on the day when the people of the West will rediscover, in the projection of common works to be accomplished jointly, the capacity for enthusiasm and for giving themselves, that illumined their creative ages.

But this is perhaps already too much to have said. Let us stop. We proposed an objective analysis of *what is*. Let us not yield, even ever so little, to our own preferences or our hopes.