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The Ethical Economy: Rebuilding Value After the Crisis
Adam Arvidsson and Nicolai Peitersen
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Perhaps you have seen one of the ubiquitous photos from the first half of the twentieth century being shared on the Internet: a subway car packed with businesspeople on their way to the office or long lines of blue-collar workers waiting for a bus on a weekday morning—all with their heads buried in newspapers, no one talking to anyone or even looking at anyone. The caption is: "All this technology is making us antisocial." The circulation of such images on Facebook and elsewhere is meant to make us think about whether social networking has made the world a fundamentally different place. Has technology altered the nature of interactions among strangers in the last hundred years? Or are these interactions essentially unchanged, as impersonal as ever? Perhaps they are simply more commonplace now, having proliferated with the rise of the Internet; in which case we may have reached some sort of tipping point, and perhaps we are indeed on the verge of a qualitative change.

In their prescription for a new type of sustainable economy, Arvidsson and Peitersen are clear about their belief that technology has changed the world profoundly, with the corollary that the world's financial system is at a crossroads. They are harbingers of a new paradigm. Social networking by way of the Internet has come to dominate the lives of many. We may regret that such relationships are only virtual, too impersonal to foster ethical responsibility. They are unlike relationships in a community where people can talk to each other in person. However, rather than deeming social media undesirable, the authors of *The Ethical Economy* believe that these new modes of interaction hold the promise of a new kind of ethical foundation for the economy.

The book is subtitled *Rebuilding Value After the Crisis,* and the first chapter talks about factors that have led to widespread concerns regarding income inequality and speculation about the end of capitalism. However, the authors attempt more than a look back at what caused the alleged failure of capitalism in recent years. This is not just another retrospective analysis with recommendations on how to prevent a similar crisis going forward. The aim is to put forward a new philosophical understanding of the common good and a way to achieve that good.

In simple terms, the world is a different place. We have transitioned from an industrial economy to a consumer economy, and finally to an information economy. Increasingly, we no longer primarily produce material things. We produce social goods, but we do not know how to measure the value of such goods in the markets, and that is why the market system is not working properly at present. The task before us is to value things in terms of ethics. We are witnessing an "ethical turn" on the part of "corporations, consumers, investors, employees, activists, and other stakeholders" that began even before the "crisis of 2007" and is manifesting an increasing concern for corporate social responsibility and sustainability. Arvidsson and Peitersen claim we are already creating a new type of *social contract* that can connect social value with economic value, assigning tangible valuations to intangibles. This will not only help us to move beyond the speculative activity that led to bubble and crisis, but it will also put capitalism on a new footing and even redefine democracy.

Assuming economic value is still determined by price, whose definition of social value should we use? The answer: a universal one. It is based on what is variously called "public affect" or "general sentiment"—the values of users of social media who express their preferences in various ways and can therefore be objectified:

> Regardless of whether I am a Christian or a Muslim, the tweets that I produce can be judged in terms of a universal, if temporary, scale of positivity and negativity. The same thing goes for my position in a network, or for my expression of preferences in rating systems (121).

This is what ethics boils down to in this book: consumers' preferences, their "affective proximity" to various types of Internet content (their "value distance" from such content), their "phatic relations" and the like (academic jargon abounds). The connection to virtuous conduct, though doubtless possible, is not automatic; Arvidsson and Peitersen seem to consider it inevitable. To be universally accepted, the authors tell us that an ethical measure will be defined in terms "not derived from any common higher principles (God, reason, morality)":

> The universal measure of ethical value is general sentiment, a mediated aggregation of the concrete value judgments that a multitude of actors, publics, and individuals have made, independently of the concrete values that have motivated them in making such judgments (152).

To this end, new infrastructure is required. This, the authors tell us, must come in the form of common resources, whose stewardship will derive from the creation of "social capital" (referencing Elinor Ostrom's work), through the sharing of norms and values. Transparency in data mining will encourage the virtue of honesty and further the restoration of trust.

They assure us that all this will be self-organizing and is in fact already evolving without central coordination. There is an explicit disavowal of "cyber communism"—the purpose of the common resources is purely to "open markets"—but there is no credible nod to free-market economics, either. Arvidsson and Peitersen have blurred any distinction between shared resources (such as open code, free software that can spur innovation on the part of nonexperts, and open access to data that track consumer behavior) and the traditional understanding of a public good. Somehow, "productive publics" will regulate themselves like medieval guilds.

I am wary of the advocacy of "commons-based peer production" because history has shown that the lack of private ownership means no one will be motivated to make the best use of the resources. Furthermore, the reference to medieval guilds is worrisome given their historical connection to mercantilism, but these are not discussed as potential concerns. The work of Ostrom and others has shown that a commons-based system can evolve into one that includes property rights; though Arvidsson and Peitersen are forward looking, they are not that forward looking.

Potential concerns about government intervention also go mostly unaddressed. Instead, we are told that we need a new regulatory framework and that it should function as Roosevelt's New Deal functioned at the time of the last big paradigm change (from industrial capitalism to consumer capitalism), to "connect efficiency gains made possible by new technologies, and the new relations of production that they support, to unmet needs and thus enable continuous growth and productivity gains." Through progressive legislation, the Internet can be protected from attempts to privilege one kind of traffic over another. Meanwhile, social media companies will be regulated like public utilities.

Are economies so qualitatively different now that we should promote such a framework? Arvidsson and Peitersen argue that commerce is based less and less on monetary rewards, with markets placing increasing value on intangibles. I would counter that what the authors call "ethical capital" has always existed and has always been priced by the market, just less efficiently than now. Essential activities such as raising children, volunteering for charities, and artistic endeavors have always had largely nonmonetary rewards and supported the economy only indirectly. Brands, reputations, and the "ethos" of companies have always played a role in their success. If intangibles account for a greater percentage of market value now, it is because of the newfound ease with which people can transfer information over distances and to wider audiences. This has made markets more efficient. What is true (and I would have liked the authors to make more of this point) is that market participants have more options than ever before.

Rather than as an antidote or a response to recent world events, the book would have been better pitched as a consideration of what is old and what is new given the wider options for economic interaction that now exist in the world, without reference to the crisis. The spreading of market players' reputations is more efficient than in the past, and this could lead to greater accountability. Arvidsson and Peitersen have begun to connect this with virtue and might have gone much further in that direction. Yet, again, reputation has always played an important role in economics, so we are not talking about something fundamentally new. Nonetheless, the Internet has enabled us to speak of a "reputation economy." Sometimes the cumulative effect of quantitative changes can bring about a qualitative change.

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Victorian Sacrifice: Ethics and Economics in Mid-Century Novels

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The metaphor of penal substitution (Christ as propitiation; Rom. 3:25) was the dominant doctrine of the atonement across the Anglican Church during much of the Georgian era of British history—the time span of the reigns of the four Georges, from 1714 to the early 1830s. By the end of the era, however, sizeable cracks in that doctrinal orthodoxy were appearing. Suspicions about the expanding realm of "enthusiastic" evangelicalism had opened the door to liberal German theology, and invited the apt moniker of Latitudinarianism for the broad breadth of doctrinal positions within the Church. William Paley's recasting of theological orthodoxy in utilitarian calculation in the late 1700s had been an invitation to include prudential considerations as part of religious belief. Then, in the early 1830s, the Tractarians' reaction to the Church's slide away from orthodoxy led them to reserve definitive public statements on the atonement because an understanding of the mysteries of faith required, they argued, incorporation into the Church, participation in its liturgy and rituals, and appreciation for the nuanced balance of Scripture and church doctrine. Meanwhile, evangelicalism grew in importance, as did utilitarianism, which, while often seen as a radical challenge to orthodoxy, was also often linked to the classical political economy that evangelicals and others admired.

What does all this theological history have to do with economics? Historian J. C. D. Clark (*English Society, 1660–1832: Religion, Ideology and Politics during the Ancien Régime*, 2000) reminded us that we could not study how people in England talked about social and economic organization in the eighteenth century without thinking about how religion shaped their talk. If Deirdre McCloskey (*Bourgeois Virtues: Ethics for an Age of Commerce*, 2006) is right, we also cannot avoid thinking about how talk about economic activity shaped the way English society conceptualized other aspects of human relations, including theological concepts. By the mid-nineteenth century, the changes wrought by the upswing of economic prosperity were fully in view. Market activity had