JANE JACOBS THE ETHICIST:
SYSTEMS OF SURVIVAL AND JACOBS’
MORAL PHILOSOPHY

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Abstract

This work intends to show that Jacobs’ moral philosophy makes a strong case for objective moral knowledge. She posits that there are two moral syndromes that are intended to guide working life morality. Roughly speaking, the commercial syndrome guides commerce and the guardian syndrome governs politics and other occupations associated with territorial management. These syndromes are composed of several interconnected precepts and Jacobs argues that these precepts from one syndrome should not be employed with precepts from the other. Should we fail to observe this rule, we will trigger what she calls the Law of Intractable Systemic Corruption (LISC). This law states that every time a working environment mixes precepts together the result is a monstrous moral hybrid syndrome that produces intractable systemic corruption. While this work is too small to prove such a grandiose claim, by diving into Jacobs’ example of the Latin American debt crisis we can see how her system of analysis makes it clear what moral knowledge the actors involved mistakenly ignored and how their doing so caused the crisis. Even though one successful example does not prove the LISC correct it does show that, in at least some instances, it is objectively better to behave morally than to behave immorally.

Jacobs hopes to employ this objective knowledge, through increased moral education, to support the use of fear and enforcement that are intended to keep societies from collapsing from corruption within. However, Thomas Hobbes, whose political philosophy also relies on fear, has a different perspective on human nature than Jacobs. Jacobs assumes that people generally want to behave morally and that many moral mistakes can ultimately be attributed to a lack of understanding instead of intentional
selfishness. Hobbes uses the idea that human beings prioritize their self-interest as the basis of his conception of human nature. He argues that if this is the case then people can only be motivated by fear to adhere to the prosocial behaviour necessary for societies to succeed. A set of experiments conducted by C. Daniel Batson et al. on moral hypocrisy seem to create a sort of Ring of Gyges scenario in the lab meaning that participants can pursue their self-interest without with the fear of consequences. At first glance, the results of these experiments provide a justification for Hobbes’ view of human nature. However, through reference to the work of George W. Watson et al. and Maureen Sie, we can show that Batson’s experiments failed to take into account reporting bias and context. Through further experiments Watson et al. show that we still have good reason to believe that people value morality and can be motivated by it. If Hobbes’ pessimistic view is not justified by the empirical evidence then it seems fair to say that Jacobs’ contributions toward objective moral knowledge are a helpful step toward supporting her proposed addition to fear in moral education.
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Introduction

The question of whether or not it is better to behave morally or immorally has been debated in moral philosophy for thousands of years. Many writers have attempted to make a definitive argument on behalf of moral behaviour that any rational being would have to accept. Indeed, apologists for moral behaviour have appealed to grounds such as god’s existence, human reason, or, more generally, human nature in order to establish the objectivity of their moral beliefs. Here, the term objective, as applied to the terms moral and immoral, means that these labels do not reflect mere preferences on the part of the labeler. Instead, objective is meant to signify that something about the behaviour or principle in question qualifies it for either adjective, ‘moral’ or ‘immoral’, independently of any particular observer. Precisely what it is that grants this qualification varies significantly depending on the source one consults. Others, such as the moral egoists, have argued that while morality is useful it is objectively better to prioritize the pursuit of one’s own self-interest when moral principles conflict with that pursuit.

In his landmark dialogue on political philosophy, the Republic, Plato weighed in on this debate 2000 years ago when he presented his readers with an discussion between Socrates, who acts as his mouthpiece throughout the dialogue, and two brothers, Glaucon and Adeimantus, about whether justice or injustice is superior. In order to make the case for injustice, Glaucon refers to the mythical ring of Gyges. The ring is described as bestowing godlike power on the wearer to the point that they can break any laws and social conventions with impunity. Glaucon reasons that:

Let us suppose, then, that there were two such rings, one worn by the just person, the other by the unjust. Now no one, it seems, would be so incorruptible that he would stay on the path of justice, or bring himself to keep away from other
people’s possessions and not touch them, when he could take whatever he wanted from the marketplace with impunity, go into people’s houses and have sex with anyone he wished, kill or release from prison anyone he wished, and do all the other things that would make him like a god among humans. And in so behaving, he would do no differently than the unjust person, but both would pursue the same course.\(^1\)

An object like the ring of Gyges does not exist and thus no one is ever able to completely insulate themselves from the consequences of their actions. However, this does not undermine the fact that people do find themselves in situations where consequences are so unlikely that, for all intents and purposes, they are justified in believing that there will not be any. Thus, the force of Glaucon’s reasoning still seems applicable: when people find themselves in a situation where they do not have to fear the consequences of their actions, and thus their sense of justice or morality is the only thing restraining them from bad behaviour, it seems unlikely that they will continue to make the sacrifices that behaving morally often demands. After all, if a person had the ability to take a benefit for themselves without having to pay a personal cost then, from this perspective at least, it seems irrational not to do so.

Plato spends the rest of his dialogue trying to defend justice against Glaucon’s reasoning. He presents several arguments to support his position but the principal one involves an analogy between the just city and the just person. Plato sought to define justice by seeing if he could find a single thing that would be worthy of the term in both the person and the city. He concluded that justice is a state of affairs in which the various parts of a city, and the various parts of a person’s soul, are each attending to their

appropriate functions and not attempting to usurp the functions of the other parts.\textsuperscript{2} Plato argued that the harmony between parts that constituted justice would produce greater happiness than the disharmony produced by injustice which, in turn, gives us a reason to claim that justice is superior to injustice.\textsuperscript{3}

Plato’s argument has been criticized on numerous grounds.\textsuperscript{4} Yet, this brief discussion of Plato’s argument is relevant to our overall purpose. That purpose is to provide an analysis of the moral philosophy of Jane Jacobs, a thinker, activist and author who received recognition for her books on city planning in the 1960’s. Jacobs also authored a book on morality called Systems of Survival. Jacobs is explicit about the extent to which her work was influenced by the Republic. Indeed, Plato’s influence on Systems of Survival even extends as far as the format of the book as Jacobs presents it in the form of a dialogue between a group of friends and acquaintances. In his 1993 interview with Jacobs, Marcus Gee, writing for the Globe and Mail at the time, asked her about her reason for choosing the dialogue format:

Jacobs began writing it in her standard essay style, but soon decided it sounded too preachy. She settled, instead, on Platonic dialogue…Jacobs says that in contrast to most Platonic dialogue, with its know-it-all teacher and cast of robotic disciples, hers puts the conversationalists on an equal footing. The decision was deliberate. She fervently hopes that people will start holding similar discussions

\textsuperscript{2} The most important parts of the Republic in establishing this argument are books IV and XI.
\textsuperscript{4} Without claiming to give an exhaustive list, here are some of the writers whose criticisms have gained prominence. Plato has been accused of promising to prove that justice is superior both in itself and for its effects while only arguing that the effects of justice, at least as he saw it, are superior. M. B. Foster, “A Mistake of Plato’s in the Republic”, Mind, Vol. 46, 183, July 1, 1937 and M. B. Foster, “A Mistake of Plato’s in the ‘Republic’: A Rejoinder to Mr. Mabbott”, Mind, Vol. 47, 186, April 1, 1938. David Sachs accuses Plato of falling prey to a fallacy of irrelevance: pointing out what constitutes a just soul does not necessarily demonstrate the superiority of just actions in the sense that Plato sets out to establish. David Sachs, “A Fallacy in Plato’s Republic”, The Philosophical Review, Vol. 72, No.2, April, 1963.
on ethical issues and test her theory against what they see in their lives and read in the newspapers.\(^5\)

In her book, there are six characters who contribute to discussions that take place over several meetings. Armbruster ran a small publishing company but is retired as of the time of the book. He initiates the discussions by inviting the other characters to his home to talk about ‘breakdowns of honesty’. Throughout, he often acts as a sort of voice of reason for the group. Jasper is a crime novelist and often serves as the group’s sceptic. Kate is an enthusiastic biologist who researches and presents the initial findings of Jacobs’ theory to the group. Ben is a left-leaning environmentalist and activist. He is presented as both passionate about his adopted causes and yet somewhat unreasonable when the discussion confronts him with ideas that contradict his own. Lastly, he is not shy about sharing his low opinion of consumerism and capitalism. Hortense is Armbruster’s niece and a lawyer with a practice in family law. In addition to her legal expertise, she is presented as something of the group’s feminist, though sometimes Kate also plays this role. The last character is Quincy who is a banker for a large New York firm and is also the only character who chooses not to return after the first meeting adjourns.

Jacobs’ use of the dialogue format received mixed reviews. New York Times writer Alan Wolfe described her characters as being as, “wooden as the people whose history is being recounted through their dialogue”.\(^6\) On the other hand, economist and philosopher Peter J. Boettke describes the dialogue as, “human conversation with all its


frailties and foibles—and its wonderment. Jacobs uses the vehicle of the dialogue masterfully”. The truth of how well Jacobs utilizes the dialogue format likely lies somewhere between these two extreme interpretations. However, what is important for our current purpose is that the dialogue format can frustrate commenters who believe they have identified the author’s perspective because of the difficulty inherent in determining which of the characters at any given moment represents that perspective.

Each of Jacobs’ characters have their moments where it seems that they are given the last word on a subject and this last word seems a good candidate for indicating that Jacobs is giving her own perspective. Using this criterion, this work, as much as possible, will seek to convert Jacobs’ dialogue back to the formal academic essay. The hope is that this format will give her arguments greater clarity and thus make them more accessible.

Jacobs’ sees herself as building on Plato’s project of defending justice. However, her approach differs from Plato’s in that her focus is on the city part of Plato’s city-soul analogy. More specifically, Jacobs is interested in making her own version of Plato’s argument about why the different parts of a city or society ought not mix together. Jacobs walks through the various definitions of justice that Plato discusses early in the Republic in order to set her project up for her readers. To this same end we will briefly discuss these definitions as well. The first attempt comes from Cephalus who is established by the dialogue as someone who has done well commercially. Cephalus discusses the uses of wealth for ensuring that one can depart for the afterlife as a just person. He indicates that: “Not cheating someone even unintentionally, not lying to him not owing a sacrifice to

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some god or money to a person, and as a result departing for that other place in fear”, are benefits that he has enjoyed as a result of his wealth. Socrates takes Cephalus’ comments as defining justice as speaking the truth and paying the debts that one has incurred. Socrates points out that if this were truly the sole definition of justice then it would lead to undesirable consequences if it were followed in every situation. He says that in order to consistently follow Cephalus’s definition of justice we would have to give an insane friend back weapons they loaned us when they were sane or pay back a friend who is a money lender even when we know that doing so will cause our friend harm. In sum, being honest and paying back debts cannot be justice if behaving this way sometimes leads to unjust consequences.

The dialogue continues with Polemarchus, Cephalus’s son. Socrates examines the merits of Polemarchus’s revised version of Cephalus’s original definition which states that justice is done when people get what they are owed. More specifically, Polemarchus means that one’s friends ought to receive good things from them while their enemies ought to receive bad things. As a result of his examination, Socrates arrives at another provisional definition of justice: “justice seems to be some sort of craft of stealing – one that benefits friends and harms enemies”, based on the consideration that a person who is best able to guard their friends, as well as their friend’s possessions, is also best able to harm their enemies and steal their possessions. Jacobs has her characters comment on

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9 Plato, *The Republic*, Page 5, 331b3-331b4. It is important to keep in mind that these are characters speaking according to Plato’s design. Thus, we should not assume that the thoughts Plato has his characters express necessarily reflect the beliefs of the historical persons on whom they are supposedly based.

10 Ibid., 331c3-331c4.

11 Ibid., Page 5-6, 331c3-332b3.

12 Ibid., Page 9, 334b3-332b3.
the obvious fact that if true then this would be a shock as this definition describes justice as composed of behaviours that are considered immoral and unjust far more often than honesty and paying back one’s debts.\textsuperscript{13}

One of Jacobs’ characters sensibly asks whether or not Plato left the definition of justice in such a shocking state or whether he sought to revise it further.\textsuperscript{14} As Jacobs notes, much later in the \textit{Republic} Plato does in fact further revise his definition to: “having and doing of one’s own, of what belongs to one, would be agreed to be justice”.\textsuperscript{15} Plato elaborates saying,

But I imagine that when someone who is, by nature, a craftsman or some other sort of moneymaker is puffed up by wealth, or by having a majority of votes, or by his own strength, or by some other such thing, and attempts to enter the class of soldiers; or when one of the soldiers who is unworthy to do so tries to enter that of judge and guardian, and these exchange their tools and honors; or when the same person tries to do all these things at once, then I imagine you will agree that these exchanges and this meddling destroy the city...So meddling and exchange among these three classes is the greatest harm that can happen to the city and would rightly be called the worst evil one could do to it.\textsuperscript{16}

Jacobs has one of her characters express that he finds Plato’s answer puzzling.\textsuperscript{17} Through the ensuing discussion, Jacobs questions why Plato would describe something as seemingly innocuous as changing occupations as the greatest possible evil one could visit on a city. While it makes a kind of intuitive sense that within the person reason should guide the spirited emotions and appetitive desires it does not have the same intuitive

\textsuperscript{14} Ibid., Page 31-32.
\textsuperscript{16} Ibid., 434a8-434c1.
\textsuperscript{17} Jane Jacobs, \textit{Systems of Survival}, Page 31-32.
appeal to say that someone who has worked as a merchant is, as a result, necessarily unfit to work as a policeman, soldier or a member of the government.

Jacobs’ attempt to resolve this puzzle is to argue that Plato had observed that certain behaviours and values became inculcated as a result of engaging in certain kinds of work. For example, we can refer to Cephalus’s assertion that honesty is useful commercially. Yet, Plato’s point is that these values cannot necessarily be transplanted into other contexts. Plato was so afraid of the consequences of doing so that he insisted on the sharpest of divisions between social classes. Jacobs rejects Plato’s assertion that such sharp divisions are necessary but accepts the idea that it is dangerous to try to transplant the mentality and values that serve a person well in one type of work to another type of work.18 Jacobs divides the working life of society into two groups: commerce and governance. She argues that occupations that fall into either group are governed by a common moral syndrome composed of a group of precepts only appropriate to that specific occupational grouping. This interpretation of Plato’s definition of justice is what led Jacobs to propose her Law of Intractable Systemic Corruption (LISC) which states that every time the integrity of either moral syndrome is compromised by the cross use of precepts from the other syndrome it will create an intractable self-destructive mess. The LISC is Jacobs’ attempt to build on Plato’s definition of justice to the end of furthering their mutual project: establishing that behaving morally is better than behaving immorally.

One of the purposes of this work is to demonstrate and analyze the LISC as an argument for the superiority and necessity of moral behaviour. This will be accomplished

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by looking closely at one of Jacobs’ examples: the Latin American debt crisis in the 1970s and 1980s. The goal of discussing this example is twofold. First, this discussion will show that the explanation of the debt crisis based on Jacobs’ theory is the best explanation of the crisis available. Second, this example is intended to demonstrate how Jacobs’ LISC works: that when precepts from one syndrome are mixed with those of the other it results in precepts that are usually considered virtues becoming vices as a result. This interaction converts a functioning survival system into what Jacobs calls an intractable mess guided by a syndrome that is a monstrous moral hybrid. If correct, we can argue from Jacobs’ modified version of Plato’s definition of justice in a society, one that successfully keeps commerce and guardianship, as she conceived of them, separated, is superior to a society that does not.

The second purpose of this work is to try to defend Jacobs’ argument against the criticism that human nature does not provide the motivation necessary to adhere to Jacobs’ and Plato’s prescriptions without coercion. In 17th century England, Thomas Hobbes tackled the same issues as Plato and Jacobs in the *Leviathan*, his seminal work on political philosophy. While both Plato and Jacobs attempt, in their different ways, to argue against the reasoning that Glaucon employs, Hobbes seems to have accepted it as fact that people are inclined toward morally selfish behaviour. Hobbes’ response is to instead attempt to show how a society can still work even though he cannot refute and argument like Glaucon’s.

Hobbes’ more pessimistic view can perhaps be attributed to the violence and destruction he saw first-hand during the English Civil War. What Hobbes witnessed is likely what inspired him to argue that any government, no matter how oppressive, is:
scarce sensible, in respect of the miseries and horrible calamities that accompany a civil war, or that dissolute condition of masterless men without subjection to laws and a coercive power to tie their hands from rapine and revenge.19

In other words, Hobbes believes that when no power is present to deter individuals with forceful punishments, they are left to the state of nature in which every person is empowered to decide for themselves what constitutes appropriate action. They have a natural right to do whatever it takes to survive even if that includes preying on those weaker than they are.20 Furthermore, Hobbes argues that the physical differences in strength and intellect are not so great between people that any one person will be so powerful that they can dominate all the others.21 As such, Hobbes believes that in the state of nature people would have good reason to fear all other people. This is why Hobbes thinks that when we are placed in such a dangerous situation even the gentlest and most benevolent amongst us may behave selfishly and violently to ensure their survival.

It for these reasons that Hobbes argues that the state of nature is little better than a state of war:

Hereby it is manifest that during the time men live without a common power to keep them all in awe, they are in that condition which is called war; and such a war as is of every man against every man.22

Hobbes argues that in such a state, the quality of human life is low and undesirable:

20 Ibid., Of Man, Chapter 14.1, Page 79.
21 Ibid., Chapter 13.1, Page 76.
22 Ibid., Chapter 13.8, Pages 78-79.
In such condition there is no place for industry, because the fruit thereof is uncertain: and consequently no culture of the earth; no navigation, nor use of the commodities that may be imported by sea; no commodious building; no instruments of moving and removing such things as require much force; no knowledge of the face of the earth; no account of time; no arts; no letters; no society; and which is worst of all, continual fear, and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short.23

Because of these facts, Hobbes concludes that human beings, especially those less able to defend themselves, ought to prefer to give up their natural rights and agree to a social contract so that they can band together and form a society to defend themselves. Hobbes believes that because the state of nature is so terrible, made so by our strong drive for self-preservation justifying and perhaps even necessitating terrible means to achieve it, the social contract must grant to the state whatever power is necessary to instil in those within society a fear of retribution. This fear must be strong enough to overcome selfish desires and make the prosocial behaviour demanded by the contract seem the better choice to serve that individual’s self-interest rather than selfish exploitative behaviour.

Jacobs realizes, toward the end of her project, that even if she is successful, whatever moral knowledge she uncovers would be pointless if conceptions of human nature like Hobbes’, that hold that self-interest is a much stronger motivation than morality, are correct and thus fear is in fact the only consistently effective way to motivate people to undertake prosocial behaviour. To this end, Jacobs raises an objection to Hobbes’ prescription of fear:

[How]ow could guardians even recognize and start combating computer crimes until after they already existed and had come into the law’s ken? Monopolistic trusts

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and related acts in restraint of trade preceded the laws on that subject and their enforcement. Not until the close of the 1980s did a few states attempt to outlaw some of the novel practices of corporate raiders. Whoever the ancient traders first using dishonest weights may have been, we can be sure that laws and penalties were responses after the fact. In the nature of things, the law is forever running at the rear of inventive types of misbehaviour.\textsuperscript{24}

If enforcement and the law generally lag behind changes to society or technology then, for the enterprising wrongdoer, such changes will offer plenty of opportunities for self-aggrandizement with little or no possibility of being caught. If Jacobs is correct, then novel wrongdoing is almost always, at least for a time, largely immune to the fear Hobbes prescribes.

Hobbes, who was aware of this problem, described as fools those who employ what Jacobs calls inventive types of misbehaviour:

\begin{quote}
The fool hath said in his heart, there is no such thing as justice, and sometimes also with his tongue, seriously alleging that every man’s conservation and contentment being committed to his own care, there could be no reason why every man might not do what he thought conduced thereunto: and therefore also to make, or not make; keep, or not keep, covenants was not against reason when it conduced to one’s benefit.\textsuperscript{25}
\end{quote}

Hobbes’ solution was to attempt to undermine the fool’s claim that reason was on his side:

\begin{quote}
He therefore that breaketh his covenant, and consequently declareth that he thinks he may with reason do so, cannot be received into any society that unite
\end{quote}

\begin{footnotes}
\end{footnotes}
themselves for peace and defence but by the error of them that receive him; nor when he is received, be retained in it without seeing the danger of their error; which errors a man cannot reasonably reckon upon as the means of his security.26

In essence, Hobbes’ response amounts to the claim that the fool ought to be able to see that it is unlikely that they will be able to selfishly exploit their social arrangements without getting caught. Furthermore, Hobbes reasons that even if they are able to do so initially, they cannot rely on such behaviour indefinitely. The more they harm other people for their own gain the more alarm they raise within the group they exploit and thus with every success they make it more likely that they will get caught.

Yet, despite Hobbes’ defence, Jacobs’ objection to the efficaciousness of fear still stands. By Hobbes’ own admission, such individuals are fools and are thus unlikely to be deterred by the tremendous risks they are taking when they make themselves an enemy of their society. If Hobbes is correct about human nature, and if it is true that change is ubiquitous, then Hobbes’ prescription of holding societies together through tremendous fear will consistently be faced with moments of vulnerability brought on by change. In theory, any one of these moments could afford exploitative opportunities so damaging that they could spiral out of the control of the state. In other words, any of these moments could make the option of continuing to follow the social contract no longer seem to be in the best interest of its members and thus could destroy the society from within.

It should be noted that despite her criticism of fear, Jacobs believes that because individuals like Hobbes’ fool will always exist and always try to selfishly maximize their self-interest, we will never be able to completely dispense with fear.27 Yet, Jacobs is not

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27 Jane Jacobs, *Systems of Survival*, Pages 34, 200 and 204 offer examples of this.
as pessimistic about human nature as Hobbes and thus does not believe that every opportunity for exploitation can only be countered by tremendous fear alone. Jacobs believes that most people want to behave morally and will choose to do so without coercion.

Given this point of view, Jacobs must explain why people still behave badly even though they actively seek to behave morally. Jacobs believes that essentially good people do bad things because they are not always aware of what each situation morally requires of them. To elaborate on what she means, Jacobs refers to Hannah Arendt’s astute observations on the slow creep of immoral behaviour: “Hannah Arendt was deeply interested in the terrible matter-of-factness of institutionalized wickedness and rote cooperation with it. In her famous phrase, she called it ‘the banality of evil’”.\(^{28}\) Jacobs acknowledges that Arendt was referring to the matter-of-fact way horrible war crimes can be carried out, but notes that her observations also apply to, “humdrum breaches of integrity, as she was aware”.\(^{29}\) Jacobs elaborates on the latter in the following: “Each breach of integrity, as it occurs, can seem so logical, so harmless, even beneficial. No red lights flash. No riots follow. Life just continues, a little more corrupt”.\(^{30}\) In other words, Jacobs believes that the main cause of bad behaviour among good people is a lack of moral understanding. This may be exacerbated by moral lethargy and moral cowardice. However, these two problems would likely be lessened and perhaps even eliminated entirely in a situation where objective moral knowledge was widely available, understood and accepted as such by the general populace. In other words, Jacobs’ primary concern is

\(^{29}\) Ibid.,
\(^{30}\) Ibid., Pages 199-200.
a fool of a more forgivable persuasion than that which Hobbes had in mind: individuals who do wrong because they mistakenly believe it to be innocuous or even right.

Jacobs proposes an addition to Hobbes’ prescription of fear that she believes will make up for its weaknesses. She reasons that the people best positioned to spot and stem the tiny false steps that can be a prelude to far worse violations are the many well-intentioned, if sometimes morally ignorant, people who go to work day in and day out. Jacobs’ addition is based on making use of this privileged position:

> [O]nly organizational self-examination…can forestall clever and novel malfeasance, nip it in the bud before it becomes well rooted as it waits for the law to catch up – if it ever does.31

If the members of an organization are genuinely policing themselves, not simply out of a fear of getting caught but because they truly believe that it is important to uphold moral standards, then each member of that well intentioned majority of people can function as a watchman of sorts.

Jacobs is essentially proposing that these people be convinced to adopt what distinguished legal scholar H.L.A Hart called the internal perspective on rules. Hart distinguishes between an internal perspective and an external perspective on rules in the following:

> This internal aspect of rules may be simply illustrated from the rules of any game. Chess players do not merely have similar habits of moving the Queen in the same way which an external observer, who knew nothing about their attitude to the moves which they make, could record. In addition, they have a reflective critical

attitude to this pattern of behaviour: they regard it as a standard for all who play the game.\(^{32}\)

Individuals taking the external perspective on a rule will only, with enough observation, see that certain behaviours are likely to lead to some form of punishment or rebuke. Hart stresses that an observer who takes this external perspective on a rule:

will miss out a whole dimension of the social life of those whom he is watching, since for them the red light is not merely a sign that others will stop: they look upon it as a signal for them to stop, and so a reason for stopping in conformity to rules which make stopping when the light is red a standard of behaviour and an obligation.\(^{33}\)

Hart believes that taking an internal perspective is what allows us to describe something like a red light as a reason, not just for ourselves but for others as well, to stop as opposed to an indication that means it is merely likely that people will stop. Hart continues, saying that:

What the external point of view, which limits itself to the observable regularities of behaviour, cannot reproduce is the way in which the rules function as rules in the lives of those who normally are the majority of society. These are the officials, lawyers, or private persons who use them, in one situation after another, as guides to the conduct of social life, as the basis for claims, demands, admissions, criticism, or punishment, viz., in all the familiar transactions of life according to rules. For them the violation of a rule is not merely a basis for the prediction that a hostile reaction will follow but a reason for hostility.\(^{34}\)


\(^{34}\) Ibid.
Hart asserts that at any given moment societies could have within them a conflict between those who view the society’s rules externally and those who view them internally.35

To put Hart’s distinctions in the context of Jacobs’ and Hobbes’ competing conceptions of human nature, Hobbes believes that most people are inclined to take an external perspective on rules within society. Hobbes believes this to be an observable fact about human nature and is what he believes justifies his heavy reliance on fear. In other words, because Hobbes believes that most people cannot be convinced to view moral rules as rules and thus employing fear and retribution to convince them that rule breaking behaviour is likely to be followed by punishment is the only alternative. Jacobs believes that people can, and in fact must, be convinced to take an internal perspective on moral rules. It is here that we can circle back to Jacobs’ and Plato’s project of demonstrating the superiority of moral behaviour over immoral behaviour. What better way to convince good well intentioned people to behave morally than to demonstrate the objective superiority of justice and morality and the inferiority of injustice and immorality.

Jacobs does not take on the task of trying to demonstrate the best way to implement her addition of moral education and this work will not attempt to achieve that goal either. Jacobs instead sets herself the task of demonstrating that the conception of human nature, upon which her addition to fear and enforcement is based, is justified. Yet, Jacobs attempt to make this case for herself is admittedly weak. Thus, after the demonstration of Jacobs’ LISC, this work will conclude by analyzing a body of psychological literature surrounding a set of experiments that try to create a sort of Ring of Gyges scenario in the

lab. In other words, these experiments, conducted by C. Daniel Batson et al., sought to test Glaucon’s claim by placing people in a situation in which they could behave immorally without repercussions if they wished in order to see what the average person would do. The ultimate conclusion that is reached is that Hobbes and Glaucon are likely incorrect and overly pessimistic in their estimation of human nature and that Jacobs’ optimism, concerning her addition of moral knowledge to fear and enforcement, is in fact justified.
Chapter 1: Jacobs’ Moral Syndromes

1.1 – Jacobs’ research

Jacobs believes that each moral syndrome is composed of a list of fifteen precepts:\footnote{The lists are presented on pages 23-24 and are shown again on Page 215.}

<table>
<thead>
<tr>
<th>Commercial/Syndrome A</th>
<th>Guardian/Syndrome B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shun force</td>
<td>Shun trading</td>
</tr>
<tr>
<td>Come to voluntary agreements</td>
<td>Exert Prowess</td>
</tr>
<tr>
<td>Be honest</td>
<td>Be obedient and disciplined</td>
</tr>
<tr>
<td>Collaborate easily with strangers and aliens</td>
<td>Adhere to tradition</td>
</tr>
<tr>
<td>Compete</td>
<td>Respect hierarchy</td>
</tr>
<tr>
<td>Respect contracts</td>
<td>Be loyal</td>
</tr>
<tr>
<td>Use initiative and enterprise</td>
<td>Take vengeance</td>
</tr>
<tr>
<td>Be open to inventiveness and novelty</td>
<td>Deceive for the sake of the task</td>
</tr>
<tr>
<td>Be efficient</td>
<td>Make rich use of leisure</td>
</tr>
<tr>
<td>Promote comfort and convenience</td>
<td>Be ostentatious</td>
</tr>
<tr>
<td>Dissent for the sake of the task</td>
<td>Dispense largesse</td>
</tr>
<tr>
<td>Invest for productive purposes</td>
<td>Be exclusive</td>
</tr>
</tbody>
</table>
Be industrious  Show fortitude
Be thrifty      Be fatalistic
Be optimistic  Treasure honour

Through Kate, Jacobs gives a rundown of how she compiled the moral precepts that constitute these syndromes. First, she has Kate indicate the type of evidence she used: “Biographies; business histories; scandals; sociology…I dipped into general history and…skimmed some cultural anthropology”.\(^{37}\) Jacobs initially categorized her evidence into three kinds: admirable behaviour, expected behaviour and scandalous behaviour. Jacobs discusses admirable behaviour in the following: “Whenever I ran across behaviour that was extolled as admirable, I cast it in the form of a precept. If a businessman was praised because his handshake was as good as his bond, I cast it in the precept ‘Respect contracts’”.\(^{38}\) Jacobs says that she did the same with behaviour that was seen as expected or proper drawing on training manuals and sociology for these precepts: “These are the kinds of rules or tips cast in such precepts as ‘Be industrious’, ‘Be honest’, ‘Be efficient’, ‘Collaborate easily with strangers and aliens,’ in Syndrome A, and ‘Be obedient and disciplined,’ ‘Respect hierarchy,’ ‘Be loyal,’ in Syndrome B”.\(^{39}\) Her third type of evidence, “was behavior that was deemed scandalous, disgraceful, or criminal. I identified what was being transgressed, such as honesty; or if extortion, say, was the crime, I cast it as ‘Shun force,’ and ‘Come to voluntary agreement’”.\(^{40}\) Kate put these lists together in four weeks but Jacobs, in her notes on this chapter, says that, “the

\(^{38}\) Ibid.
\(^{39}\) Ibid., Page 26.
\(^{40}\) Ibid.
precepts are a compilation and refinement of ‘esteemed behavior’ notes I’ve made over a period of some fifteen years”.41 Ultimately this type classification gave way to Jacobs’ finalized syndromes. This is likely because of the following: “Precepts I first drew from one of my three kinds of evidence were reinforced when they turned up, as they did more often than not, in one or both of the other kinds of evidence I used”.42 Jacobs likely realized that if single precepts were indicated by examples that could fit into any of her original three categories then it was unlikely that this organizational scheme reflected any real differences between the precepts. Lastly, Jacobs indicates that she felt her research had reached a point where no further precepts were likely to be uncovered: “I may have missed important precepts, but I doubt it, because the time arrived when I wasn’t catching new fish, just netting repetitions”.43

Jacobs surveyed the evidence her research had produced and found the results to be confusing at best. Essential to understanding how Jacobs resolved this confusion is the following point: “I also made note of what sorts of work or positions in life were associated with a given precept”.44 Jacobs found that some precepts, particularly from examples of expected behavior, had come up universally across many occupations as well as in personal life.45 She says that her first move was to separate the universals from the rest and examine what was left over: “The unsorted residue seemed a mess of contradictions. Honesty and deceit both prescribed? What to make of that? Novelty and tradition? Fortitude and comfort? Ostentation and thrift? Dissent and obedience? So on

41 Ibid., Page 218.
42 Ibid., Page 26.
44 Ibid.
45 Ibid.
and so on!”. Her first breakthrough in resolving this confusion came when she noticed that specific precepts were repeatedly associated with specific others: “loyalty with obedience and respect for hierarchy, for instance; industriousness with thrift and efficiency. Aha! Precepts came in linked clusters! Each kind of occupation I’d noticed had its clusters, and those clusters overlapped with other clusters. Combining the overlaps resolved the clusters into these lists I gave you”. These lists contradicted each other but the precepts within them indicated no internal inconsistencies.

Jacobs explains why she calls each list a syndrome: “It comes from the Greek meaning ‘things that run together.’ We customarily use it to mean a group of symptoms that characterize a given condition”. Jacobs chose the term syndrome to describe the two lists because she believed that their precepts were symptomatic indicating a certain condition. At first she refers to the syndromes as simply A and B. In order to come up with more specific names that more accurately reflected what the precepts of each list were a symptom of, Jacobs once again turned to which occupations the precepts were associated with. In the case of syndrome A, “The occupations associated with it overwhelmingly concerned commerce, and production of goods or services for commerce; and, in addition, most scientific work”, which meant that, “the condition characterized by these symptoms is practice of viable commercial life”. Jacobs aptly calls the moral syndrome utilized by these occupations the commercial syndrome.

Jacobs admits that she had more difficulty with Syndrome B stating, “What do these occupational groups have in common: armed forces and police, aristocracies and

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46 Ibid.
48 Ibid.
49 Ibid., Page 28.
landed gentries, government ministries and their bureaucracies...law courts, legislatures, religions and especially state religions?". Jacobs came to the conclusion that the precepts guiding these types of occupations were symptoms of, “the work of protecting, acquiring, exploiting, administering, or controlling territories”. Armbruster notes that this sounds similar to Plato’s guardians from the Republic: “They’re your Moral Syndrome B people, Kate. Police, soldiers, government policymakers and rulers. Socrates explains they’re necessary to protect the state from corruption within and enemies outside”. Armbruster suggests that syndrome B be called the guardian syndrome in deference to Plato and the rest agree.

We will turn to Jacobs’ syndromes directly with the intention of achieving several interrelated goals. First, this chapter will explain how the precepts listed above fit into their respective syndromes. For the sake of clarity, here is a reiteration of a relevant point touched on above: “I noticed that specific precepts were repeatedly associated with specific others: loyalty with obedience and respect for hierarchy, for instance; industriousness with thrift and efficiency. Aha! Precepts came in linked clusters!”. The following explanation will proceed by going over all of the precepts with specific attention being paid to how they fit into their respective clusters. The explanations of these clusters will make it clear how they combine and overlap to make up the guardian and commercial syndromes. Lastly, the general purpose of explaining each moral syndrome in detail is that understanding how they fit together is necessary for understanding the 'Law of Intractable Systemic Corruption' covered in a later chapter.

50 Ibid.
51 Ibid., Page 29.
53 Ibid., Page 27.
Before we proceed, it is important to reiterate: taking and trading are the ultimate priorities toward which the moral syndromes attempt to guide guardians and traders. Yet, one might legitimately ask if modern society is really reflected in an analysis based on such simple activities. For instance, one could argue that Jacobs would place modern police forces, militaries and government agencies firmly in the category of guardian occupations. Yet, if guardian work is supposed to be based on taking then it seems inaccurate to include these public services because the people that work in them generally do not actually take to make their living. Rather, they are given these resources by traders whom they are to protect and serve. Furthermore, it seems that considering that many modern societies are democratic and capitalistic, this arrangement is a trading one wherein money is being exchanged for the services and if the citizens are not happy with those services then they can choose to influence those services by voting to spend that money differently or on something else entirely.

This version of events misses the fact that taxes are mandatory and that these services are necessities. It is true in theory that citizens could elect a government that promised to eliminate taxes and cut all services. Yet, crime, foreign enemies, fires, etc. are threats that are ubiquitous, or at least as ubiquitous as the human error, cruelty or selfishness that causes them. Minimizing poorly made decisions is one of the main reasons that many democratic governments opt to be representative as opposed to direct. This extra group of people through which policy proposals must filter before they become law is intended to protect such important services from the whims of current public opinion. In other words, such arrangements are intended to allow the voices of the less powerful in society to be heard while still granting government the power to act in
the way that they believe is in the public interest and, should the need arise, to do so even if their chosen course of action is against public opinion. This includes using force to enforce rules, regulations and laws including those governing taxation for the sake of funding the government and its essential services.

1.2 - The commercial syndrome

1.2.1 - First cluster: Creating the commercial environment

Perhaps the best way to understand the first cluster of precepts is as a series of rules that, when followed, encourage behaviours that work together to create an environment conducive to commercial activity. At the center of the first cluster is the precept ‘Come to voluntary agreements’. In one sense a voluntary agreement is simply a trade which makes this a straightforward exhortation to participate in business. After all, voluntarily reached agreements are the basis of trade. In another sense, this precept is a call to rely on convincing others that your offers are worthwhile instead of coercing them to accept them in some way. This will be discussed in more detail below when we examine the direct connections between ‘Come to voluntary agreements’ and ‘Shun force’, ‘Be honest’ and ‘Respect contracts’. Each of these precepts is meant to address a different type of behaviour that can convert voluntary agreements into involuntary ones.

For now, we will discuss the way in which ‘Collaborate easily with strangers and aliens’ makes it easier for people to ‘Come to voluntary agreements’. Jacobs indicates that ‘Collaborate easily with strangers and aliens’ puts value on a willingness to do business with people one may not know well:
The principal places in which strangers do business together are big commercial cities. The cosmopolitanism of these cities is no accident. It’s an instance of functional necessity becoming a cultural trait. Jacobs’ point is that if valuing cosmopolitanism and the tolerance it demands is more wide-spread then opportunities for trade are likely to become more widespread as well. Furthermore, Jacobs argues that valuing easy collaboration will become more widespread the more widely a society relies on trade as a method of making a living. At the end of the day, one customer’s money is as good as another’s and in a vibrant thriving commercial environment the competition for a share of the market caused by multiple participants could reasonably have the effect of encouraging people to abandon prejudices for the sake of enticing more types of customers to feel welcome to do business with them. Considering that Jacobs’ precept, ‘Come to voluntary agreements’, can mean very much the same thing as doing business, valuing easy collaboration can encourage reaching voluntary agreements.

Yet, it is possible that this precept might manifest itself alongside a certain measure of social insularity. Jacobs quotes Mariam Slater’s comments on Nairobi in the 1960’s:

‘Each ethnic group meets almost exclusively its own kind in private arks of family, club or place of worship. The visitor quickly learns to spin a tight cocoon in an atmosphere in which an Ismaili does not speak to his Baluchi or Hindu neighbour except in the marketplace.’

As Hortense is quick to point out, this is not indicative of the cosmopolitan spirit which one might expect to accompany this precept. We could also point to the treatment of

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African Americans in the US during the time of segregation. Had business owners in the deep south allowed African Americans the same access and service as their white counterparts received, this would have driven away many of those white customers surely causing their businesses to suffer. Yet, returning to Jacobs’ Nairobi example, as Kate responds, ‘Easy collaboration’ is still present, when it is present at all, in the marketplace and for the sake of trade. Thus, her point about this precept, and this is a point that applies to many of the other precepts as well, is not that having them manifest in an extreme way is necessarily better. Rather, her point is that while more honesty or tolerance might make for more efficient marketplaces, what is truly important is that the precept be present to an extent that it is feasible for trade. In order to eliminate the necessity for this precept one would have to look to a place that was economically self-sufficient and possibly quite isolated as well. Yet, such a place would likely not have a need of trade in the first place. For most other peoples and places, the appeal of trade comes from the access gained to new material goods in a less dangerous way than by taking. The trade-off is that if people want access to those goods via trade then they must be willing to deal with the people who possess them even if those people are foreigners or just strangers.

Both ‘Shun force’ and ‘Be honest’ serve the functions of keeping voluntary agreements voluntary and collaboration between strangers and aliens for commercial purposes easy and thus worthwhile. Jacobs indicates how they serve these functions in the following: “children know that this is what ‘I’ll trade you’ means. When violence or intimidation enters a transaction, it’s no longer trade. It’s taking by force”.\textsuperscript{56} Jacobs

\textsuperscript{56} Jane Jacobs, \textit{Systems of Survival}, Page 34.
focuses on violence but we can justifiably include deception when we say that both must be left out of the process of reaching business agreements lest those agreements functionally and conceptually cease to be voluntary. The ideal, even if it may be unattainable, is that people enter commercial agreements because all of the relevant facts were available to them and those facts convinced them that it was the right choice rather than the fact that they were tricked, threatened or harmed in some way. In sum, choices that are made under the threat of violence or because an individual was intentionally misled about the facts, even though they are technically still choices, exclude those choices from being considered voluntary in the sense crucial for commerce.

While it would be difficult to argue that there are legitimate reasons to use violence in business negotiations there is some grey area when it comes to honesty. For example, there are cases in which someone over- or under- pays for some small object in a private sale. The law may not consider it worthwhile to charge a seller with fraud if they fail to disclose that they knew that the buyer was paying a small amount above market value. However, even in small cases people often do morally condemn the seller if they omit facts from a negotiation simply to get a higher price. Of course, the more egregious the violation the more likely it is that someone could make a legal case. Jacobs believes that what underlies the laws that make such cases possible is the moral precept to ‘Be honest’.

Perhaps the primary reason for the exclusion of these forced choices is the connection that ‘Be honest’ and ‘Shun force’ share with easy collaboration. As noted above, Jacobs indicates that an important function of ‘easy collaboration’ is that the attitude of tolerance it requires one to adopt makes it easier to seek out potential
customers more easily than someone who has to work around their prejudices. To that end, Jacobs explicitly states that this precept links tightly with honesty.\textsuperscript{57} ‘Easy collaboration’ links just as tightly to ‘Shun force’ for the same reason. It is easiest to collaborate with strangers when one has good reason to believe that there is little chance they will be deceived. To make this point, we can continue a passage that was quoted above:

When trust among strangers and aliens breaks down in large commercial cities, insularity is no practical substitute for the loss. Many people flee such places if they can. It’s serious; it’s nothing less than the failure of commercial civilization, where trust among strangers and aliens is vital.

Unchecked violence and deception can and will quickly undermine the trust that ‘easy collaboration’ relies upon. If ‘easy collaboration’ is necessary for voluntary agreements to take place then the fact that forced choices undermine ‘easy collaboration’ makes it understandable why such choices are considered illegitimate in commerce.

Moving to ‘Respect contracts’, Jacobs says that: “People doing commercial work need contracts, whether they’re written or not…They need assurance that courts will enforce contracts if need be…and will do so justly”.\textsuperscript{58} The general idea is that contracts are intended to protect fairness. They do so by providing records of business arrangements that can later be used to adjudicate disputes that arise when one or both parties feel that the other has not fairly fulfilled their end of the agreement. Some obvious causes of unfairness might be a desire to behave dishonestly or violently for selfish reasons or perhaps a simple case of buyer or seller’s remorse. Jacobs points out that

\textsuperscript{57} Jane Jacobs, \textit{Systems of Survival}, Page 34.
\textsuperscript{58} Jane Jacobs, \textit{Systems of Survival}, Page 37.
another cause of unfairness might be a belief by one of the parties that the others involved in the agreement are not their equals. This belief could lead one party to think that, despite what they agreed, they are under no obligation to be fair to the other party. Combating this last type of unfairness is the primary task of ‘Respect contracts’. Jacobs explains that: “‘justly’ means that nobody’s rank or status permits him to terminate a lease on whim, evade a legitimate debt, welsh on a promise to deliver, withhold agreed-on wages, and so on. What the contract says is of the essence…the social status of the parties to it is irrelevant”. In other words, contracts provide a way for traders in commerce to make agreements as legal equals which solidifies the fact that both sides have an obligation to uphold what the contract requires of them.

Enforcing contracts often becomes a symbiotic point of contact between guardians and traders. Guardians are left to the task of just enforcement and the contracts act as a roadmap. In these comments on early medieval Europe, Jacobs sketches how two groups of individuals as ethically unalike as guardians and commercial people might arrive at such an arrangement:

The established law courts – the courts of the guardians – were shaped by feudal law, which is the rule of rank, hierarchical law. So for a long time, hundreds of years, commercial people were pretty much on their own legally. They not only invented the kinds of contracts they needed; they also set up binding arbitration courts. You could say they were inventing their own guardians to fill a gap. They built up precedents and the whole contraption was known as the Custom of Merchants. Admiralty law started the same way…Eventually, admiralty and contractual law were absorbed into rulers’ formal legal systems.60

60 Ibid.
Trade, due to tax revenues and the economic well-being and contentment it can bring to the populace, would quickly make its importance apparent to guardians who wished to successfully manage a territory over the long run. Jacobs is arguing that if that is their aim then they ought to adjudicate commerce in accordance with its own standards.

The precept ‘Compete’ is both the final precept of the first cluster and the main point of overlap between the first and second clusters. Jacobs outlines the role it plays in the first cluster in the following: “Its most obvious direct link is with voluntary agreement, which presupposes choice. Effective choice demands competition. Choice is impossible, and voluntary agreement a sham, if one of the parties to the agreement holds a monopoly”.61 People often need the goods offered by the monopoly such as necessities like food or clothing and supplies that businesses depend on. It is for this reason that the absence of competition can be very damaging to market participants whether they are ultimate consumers or businesses themselves. Because they are reliant on the monopoly's wares they have no practical alternative but to pay the exorbitant prices monopolies often charge. Monopolies also can also hurt the quality and level of production. For example, the fact that it may be cheaper or more efficient to produce worse products is mitigated by the fact that people will not usually pay for them. Because such products are unprofitable, companies that must compete must usually seek to offer better products. However, commercial monopolies do not hesitate to produce goods inefficiently or that are of a lower quality if doing so would serve their economic self-interest. In the absence of real competition, they face no financial deterrent. When healthy competition is protected by respect for the precept to ‘Compete’, as well as by guardian enforcement, it

can prevent 'Come to voluntary agreements' from becoming a farce and the forced choices that follow from undermining the desire to 'Collaborate easily with strangers and aliens' 

1.2.2 - The second cluster: Competing in the commercial context

The importance of 'Compete' to the second cluster is that engaging in business competition is how traders are supposed to participate in the commercial context created by adherence to the first cluster. In other words, ‘Compete’ asks for a certain level of success out of people who would make their living through trade. They must be able to at least stay on par with their competitors in the level of goods and services offered. Jacobs notes that: “Commercial life affords many ways to compete. A company can build a successful commercial position upon efficient ways of producing. It can develop entirely new things to purvey, or significantly improve old things”. Thus, the second cluster of precepts can be best understood as a group of methods that can be employed to meet this demand for success. These methods are captured by the remaining precepts in this cluster: ‘Use initiative and enterprise’, ‘Be open to inventiveness and novelty’, ‘Be efficient’, ‘Promote comfort and convenience’, and ‘Dissent for the sake of the task’.

Jacobs links ‘Use initiative and enterprise’ with ‘Respect contracts’: “Contractual law allows ordinary people to Use initiative and enterprise – makes it feasible as a practical matter”. In other words, when equal rights to make agreements are afforded by contractual law these rights provide a legally protected avenue through which traders may undertake commercial ventures. Jacobs elaborates on this precept in the following:

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63 Ibid., Page 40.
Initiative and enterprise are highly esteemed in commercial life, as well they should be. Wherever commerce flourishes over extended time, new products and services keep entering trade. And so do new ways of producing, distributing, and communicating. These all require initiative and enterprise.\(^{64}\)

In other words, contracts provide the legal framework within which traders can adhere to ‘Use initiative and enterprise’ by motivating themselves to undertake commercial projects.

‘Be open to inventiveness and novelty’ asks that a trader be accepting of novelty and change in a general way. This openness is similar to the tolerance demanded by ‘Collaborate easily with strangers and aliens’. While easy collaboration demands tolerance of people and their differences, openness to innovation demands tolerance toward new technologies, products and methods of solving problems. As an example, consider a situation where an employee dissents from their training to adopt a more productive method. The fact that a manager’s authority can stamp out such useful dissent is the reason that the attitude demanded by ‘Be open to inventiveness and novelty’ is important in commerce. In this situation, and more generally in commerce, such tolerance can counteract unnecessary losses of efficiency, productivity or profitability due to an individual privileging personal authority or discredited conventional wisdom over their company’s commercial well-being.

Jacobs describes ‘Dissent for the sake of the task’ in the following:

We’re so brainwashed into thinking of dissent only in political or philosophical terms. But consider that every single improvement in efficiency of production or distribution requires dissent from the way things were previously done”.\(^{65}\)

\(^{64}\) Ibid.

This precept demands that traders be willing to disregard conventional wisdom and change how they approach a task if they find a better method. As was mentioned in the previous paragraph, there is a degree of respect for hierarchy in commercial organizations that can run counter to this. In a guardian organization, subordinates are expected to be obedient to the authority of those with a higher rank. In the strictest guardian organizations, like the military, there are very few instances where it is considered acceptable to question or act contrary to orders. However, in commerce obedience does not take priority nearly as often when it comes into conflict with other values. For example, employees who disregard their training in order to adopt a more efficient way of completing their tasks are often commended. The important point to note about this praise is that the reason it is given out is because the trader opted to dissent for the sake of completing some commercial task in a better way. In sum, this precept says that in commerce it is both acceptable and praiseworthy to change if that change is being made for the sake of a commercial task.

Together ‘Use initiative and enterprise’, ‘Dissent for the sake of the task’ and ‘Be open to inventiveness and novelty’ form a mini-cluster within the second cluster. When successfully employed together, these three precepts produce innovation. ‘Use initiative and enterprise’ provides the drive, ‘Dissent for the sake of the task’ provides the guidance on when it is appropriate to adopt a change and ‘Be open to inventiveness and novelty’ asks for the kind of general openness necessary for people to be susceptible to innovations. Given how competitive innovative businesses can be, the interactions of these three precepts play an essential role in the second cluster’s purpose of enabling competitiveness.
It is important to keep in mind that Jacobs’ argument about this precept, just like easy collaboration, is that it must simply exist in the market place enough that trade is viable. That being said, it is important to note, and to explain why, despite the importance of innovation, much like being the most tolerant by the standards of ‘Collaborate easily with strangers and aliens’ does not necessarily guarantee the most customers, simply being the most innovative company or marketing the most innovative product is no guarantee of competitive success. Consumers are always working within the constraints of how much they can spend and how much they know. As such, people may not always have enough money or information to allow them to perfectly optimize their purchases. The reasoning here mirrors the assumption of utility maximization made by many neoclassical economists in their attempts to model consumer behaviour. The idea is that people will try to maximize the value they receive, defined as whatever it is that they subjectively deem to be valuable, while still balancing their other needs and staying within their budget. Of course, not every consumer is going to achieve perfect optimization under their specific conditions because of the aforementioned budget and information restraints. To account for this, neoclassical models sometimes argue that people simply adopt a satisficing approach to making choices as consumers. This may mean that consumers will make the best possible choices within their constraints meaning that their choices are rational optimizations based on their available info and funds even if they are not the truly optimal choices. The behaviour that involves making consumer choices because they are simply ‘good enough’ is also accounted for by the goal of satisficing needs. This means that a trader is aware that there may be more room to optimize but they have reached the end of the resources they are willing to expend on the
choice in question, whether those resources be time, effort, money or some other material.

In relation to Jacobs’ theory there are two things we ought to take from this. The first is that due to the existence of the above considerations, budget and information constraints and the consequent satisficing over perfectly optimizing behaviour, a superior innovation can fail to be commercially competitive against a demonstrably inferior product. This can happen possibly because a superior marketing campaign takes advantage of the lack of information available to consumers. Neoclassical economists would explain this as being due to market inefficiencies. Jacobs would reject the implicit assumption that market participants necessarily want to get all relevant information out in the open and that there is a failure somewhere in the market to do so. Instead, she would explain it as a moral violation of the precept to “Be honest”. If a product is demonstrably inferior and yet consumers prefer it anyway, in this case specifically because of marketing, then the company that undertook the advertising campaign was preying on the lack of information for personal benefit. In doing so, they violated the precept demanding that they “Be honest” by effectively deceiving their customers and thus also violated “Come to voluntary agreements” by manipulating their customers perceptions to get them to purchase their product when they likely would have purchased an available alternative.

The second implication of the neoclassical model of utility maximization for Jacobs’ theory is that due to the tendency of some consumers to adopt satisficing over optimizing it may be the case that a product is superior and consumers may be aware of that fact and yet it is not enough to convince them to purchase the superior product. In this case, innovation still fails to guarantee success but honesty or some other precept
does not appear to have broken down. Jacobs can account for this behaviour by arguing that when assessing commercial competitiveness innovation must be understood in tandem with the following two precepts: ‘Be efficient’ and ‘Promote comfort and convenience’. These precepts also form a mini cluster within the larger second cluster. Together they provide criteria that a trader is supposed to follow when deciding whether or not a particular task is worth dissenting for. ‘Be efficient’ demands that waste be reduced in the production and delivery of commercial goods and services. Put another way, ‘Be efficient’ places moral value on the aforementioned drive to seek optimization in the use of one’s resources whether they be material or the time and effort spent. Because there are various goods and services that can be offered for trade it is fruitful to consider efficiency in the general terms of inputs and outputs. When something is wasted it means that inputs were expended for less output when obvious alternatives were available. In addition to being a measure of commercial productivity, finding saleable ways to increase efficiency, whether in the form of knowledge or a physical product, can be a competitive business strategy. A straightforward example would be the way that construction companies and private individuals alike are willing to pay large sums of money for elaborate power tools. This is primarily due to the fact that these tools save time allowing construction companies to complete jobs faster and further optimize the amount of profit that is generated by their labour.

However, it is important to note that Jacobs does not place special emphasis on maximizing profit. She does not believe that boosting profitability is the sole measure of efficiency. A central assumption of modern neo-classical economics is that the determination of value has a significant component of subjectivity. For this reason,
making products that ‘Promote comfort and convenience’ is also an effective way to increase competitiveness. Jacobs says that, “Comforts and conveniences are quintessential bourgeois preoccupations, both for themselves and for customers. That preoccupation may perhaps provide the principal motor driving commercial life”. What Jacobs means is that ‘Promote comfort and convenience’ provides an incentive to innovate for the sake of promoting those traits because they provide such strong incentives to buy. On the one hand, this desire has provided us with conveniences that have become necessities such as operating room anaesthetics or telephones. On the other hand, this love of comfort has also produced products like Coca-Cola, Pepsi and other soda brands. Such products provide little in the way of nutritional benefit, and in fact may have negative effects on a consumer’s health, but are still profitable simply because people enjoy the taste. Jacobs’ point is that it behoves commercial people to give tremendous weight to the varying preferences of people when it comes to comforts and conveniences.

In sum, it is possible that a superior product that fails, not because the company that produced it violated a precept from the first cluster, but simply because people found the inferior product to be more efficient: it is cheaper and the value that they receive is satisfactory even if it is not perfect. It is also possible that the product simply was not as comfortable or convenient to use in the estimation of consumers. For example, a particular tool which is differently shaped to make it more effective but which some customers also find uncomfortable to use will not necessarily do better simply because its effectiveness has been optimized.

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1.2.3 – The third cluster: Working hard to be competitive

The third cluster is composed of ‘Invest for productive purposes’, ‘Be industrious’ and ‘Be thrifty’. About this cluster Jacobs says,

Those three precepts, to be industrious, thrifty, and invest productively, compose a famous trio. Marx called them exploitation of the workers, profiteering, and unjust ownership of the means of production. Max Weber called them the Protestant work ethic, an unsatisfactory term, as he himself granted, because it’s parochial and misleading.68

While Marx viewed the way these behaviours were employed under capitalism as unjust and Weber viewed them as a positive, if specifically protestant, trait, Jacobs believes that this cluster provides an approach to work in general that makes trade a viable alternative to taking.

The most sensible place to start is ‘Be industrious’ as the behaviour it prescribes is what makes the other two precepts in this cluster, and potentially the entire commercial syndrome, useful. Consider the following comments Jacobs makes:

Nobody wins esteem in commercial life by being an able-bodied idler or freeloader. Pity, maybe; moral esteem, no. But I think the harshness of the bourgeois attitude toward idlers goes deeper than the connection of industriousness with thrift and investment. It may be rooted in the fact that trade and production are viable only when people apply themselves in continuous effort, not sporadic fits and starts.69

Generally, if someone is praised as industrious then that means that their work ethic or ability to work hard is being recognized. Jacobs seems to have this same meaning in mind as well but makes the additional point that much trade and production is only profitable

68 Ibid., Page 42.
69 Jane Jacobs, Systems of Survival, Page 42.
when people put in the work. Marx saw capitalism as an arrangement in which the capitalists were positioned to unfairly profit off of this necessary work ethic because of their ownership of the means of production. Jacobs, at least at this point, is merely arguing something that both Marx and Weber would very likely agree to: if people do not put in the work on a consistent basis then much trade and production would simply be unable to provide a living. This should not be interpreted as Jacobs arguing that because an occupation is more viable or profitable if people put in more work they ought to put in the increased effort. Rather, Jacobs is simply arguing that trade as a way of making a living simply cannot do without a certain level of industriousness.

Jacobs believes that the remaining two precepts in this cluster, ‘Be thrifty’ and ‘Invest for productive purposes’, are important for making use of the resources accrued by industriously participating in profitable forms of work. Jacobs details the connection between ‘Invest for productive purposes’ and 'Be thrifty' in the following:

To be sure, just continuing in traditional ways requires some productive investment too...but mere replacement costs are nothing compared with the time, risk, and effort devoted to experimenting, and the cost of changed production or distribution or communication equipment. Making productive investments requires a surplus over current consumption – in other words, it requires thrift.70 Jacobs' point is that funding the drive to optimize for the sake of competition, as advocated by the previous cluster, is generally an expensive task that often requires a drive to save. The following gives insight into how Jacobs defines productive in the precept ‘Invest for productive purposes’:

Investment for productive purposes, such as buying goods here and transporting them there; buying materials and advancing them to craftsmen, then exporting

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crafts made with the materials; financing equipment like forges and smelters and improved city looms to increase efficiency.71

Carrying out these tasks and satisfying the drive to optimize is only achievable when traders view the resources they gain over and above consumption as fuel, or potential fuel, for investment. To this end, the commercial syndrome uses ‘Be thrifty’ to encourage them to save and look for places where consumption can be delayed so that the surplus may grow to the point where productive investment becomes affordable.

This might not ring true today when we consider that there are companies that are worth many billions of dollars. We might ask why such wealthy institutions would need to bother adhering to a precept like ‘Be thrifty’. The answer is that if the integrity of the market is not compromised in some way, by, for example, a monopoly, then even large multi-billion dollar companies must delay the consumption of some of their profits in order to invest in revising and optimizing their products for the sake of staying competitive. The larger the company, and also the larger the market they serve, the more expensive this process will be. Of course, larger companies will presumably have greater resources with which to meet the cost increases that come with greater size. Yet, the fact remains that if a large company faces real competition then the need for thrift will not be eliminated completely.

The last commercial precept, ‘be optimistic’, does not fit specifically into the other clusters. Jacobs sketches its purpose in what follows:

People who take practical steps to forestall surprise and misfortunes are, by definition, optimists. They aren’t resigned to misfortune, they aren’t fatalistic. Furthermore, the precautions are often successful. So they lead commercial

71 Ibid., Page 188.
people to assume that after a mistake or an unpreventable disaster there’ll likely be a second chance or a third. It’s not necessarily true. Commercial life is full of failures. But because the insurance money comes in, or the courts order redress, the second chances do work out often enough to sustain a comforting belief in the paper forts.\textsuperscript{72}

In a general way, an optimistic outlook would connect to the first cluster by reinforcing the belief that violence, deception and unfairness are not the fated result of attempts to ‘Collaborate easily with strangers and aliens’ and ‘Come to voluntary agreements’. An optimistic outlook has a similar connection to the second and third clusters. It is difficult psychologically to experience several failed experiments, to have to persevere through a tight budget or put in a long gruelling day at work. These experiences will only seem worthwhile at the time if one remains optimistic that the outcome will justify the suffering. Jacobs’ main point about ‘Be optimistic’ is that traders who can persevere and remain optimistic in the face of failure at least have the chance of succeeding in the future whereas those who give up because they believe that their attempts at commercial success will necessarily end in failure eliminate their chance of success entirely.

1.3 – The guardian syndrome

1.3.1 – First cluster: Guardian capabilities

The first cluster in the guardian syndrome is comprised of ‘Exert prowess’, ‘Deceive for the sake of the task’, ‘Show fortitude’ and ‘Be fatalistic’. These precepts are the basic traits required of every individual who makes their living via taking. People who work as hunters or soldiers, police, politicians, civil servants, etc. must display the behaviours prescribed by these precepts to at least some degree. The necessity of these

\textsuperscript{72} Jane Jacobs, \textit{Systems of Survival}, Page 43.
traits comes from the fact that guardians are required to prevail in zero-sum conflicts on a regular basis. To be successful, guardians must be able to contend with opponents who are likely to also use prowess and deception supported by physical and mental toughness to take what they want or avoid punishment. If a guardian hopes to be successful in such scenarios they must be able to meet and exceed the capabilities of their opponents.

At the base of the first cluster, and the guardian syndrome as a whole, lies ‘Exert prowess’. ‘Exert prowess’ is similar to ‘Come to voluntary agreements’ in that both are intended to capture the basic activities of their respective syndromes in the form of a precept. The most straightforward interpretation of ‘Exert prowess’ is that it demands that guardians be willing and able to exert physical force:

In civil affairs, successful rulers and their regimes rely heavily on persuasion and custom to get their way. But notice, when persuasion fails, every effective government falls back on physical force…Enforcement, backed up by the sheer physical power to prevail, is praiseworthy in guardian work. By definition, good government cannot be good if it is ineffectual.73

The ability to bring superior force to bear is extremely important when taking things that others would prefer to keep or enforcing rules that they would prefer to break. However, Jacobs does not seem to confine prowess to just physical force. She further describes the precept by saying, “It means having power and using it effectively”, which indicates that she intends for its meaning to include other capabilities beyond force.74 Depending on the situation, merely asserting one’s authority through threats or one’s force of personality may be enough to effectively carry out enforcement, thus satisfying the requirements of the precept. Additionally, we ought to consider the fact that an effective general is not

74 Ibid.
necessarily one who is on the front lines fighting alongside their soldiers. Rather, effective generals could very well be poor fighters themselves but masters of implementing their army’s strategic and tactical goals despite their enemy’s best attempts to resist. It seems that Jacobs’ intends ‘Exert prowess’ to capture this kind of capability in addition to sheer physical force.

Where ‘Exert prowess’ prescribes the use of physicality, force of personality or some other capability with which one can prevail in direct conflict, ‘Deceive for the sake of the task’ prescribes the ability to misdirect and outwit one’s opponents. Jacobs says this about the precept: “in the most rudimentary forms of deception [hunters] lurk in wait, well hidden, or stalk silently. Add to these the human ingenuities of hidden snares, baited traps, decoys, and noise calculated to create panic”. 75 However, deception need not be so ruthless. Consider that modern police forces employ sting operations, undercover agents and simple stake-outs not for the sake of killing but for the sake of catching red-handed those criminals who would not commit their crimes openly. Jacobs also points out that deception is utilized by modern politicians and bureaucrats: “An ability to prevaricate cunningly is no disgrace in a diplomat. It is a job qualification. A blatant lie by a head of state in the national interest is customarily considered justifiable, and if it is successful, he is likely to be admired for it”. 76 Jacobs also states that the behaviour prescribed by ‘Deceive for the sake of the task’ and ‘Exert prowess’ can be employed in a complementary way. Consider the following: “[Warriors] use ambushes, decoys, inducements to panic, all the hunting tricks and more, to supplement brute prowess”. 77

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76 Ibid., Page 76.
77 Ibid., Page 75.
Guardians who can effectively use prowess and deception in tandem will usually find themselves at an advantage over those who cannot. In sum, being skilled at deception compliments guardian prowess but also can help them to prevail in a conflict when they cannot openly resort to force.

Despite the fact that ‘Deceive for the sake of the task’ and ‘Exert prowess’ are necessary in guardian work, the behaviours prescribed can be very socially disruptive. As such, there are some limits on when it is acceptable to employ these behaviours. These limitations become clear when we consider the name of the precept: ‘Deceive for the sake of the task’. In this case, the task referred to is a legitimate guardian task. To explain this point, Jacobs uses a news story about children in New York City who placed egg whites in the change chutes of several payphones to steal callers’ change. People who reached into the chutes to retrieve their money would instead feel something unidentifiable and disgusting. Because they did not know what they had encountered, the callers would opt to leave their change behind. However, the boys knew that the ‘disgusting something’ was harmless egg whites. As such, they had no problem reaching in to retrieve the change left by their victims. The police employed a deception of their own, officers undercover in plain clothes, to catch the boys in the act.\(^78\) Jacobs explains that, “unlike the phone-booth trick, [deception] must be for the sake of carrying out a guardian task”.\(^79\) As clever as this prank was, the police did not consider theft a task that justified the deception. While Jacobs’ explanation focuses on deception, it is justifiable to extend her observations to ‘Exert prowess’ as well. In sum, these two precepts demand that


\(^{79}\) Ibid.
guardians be willing and able to proficiently use force and deception but also that they only use those capabilities when appropriate.

Jacobs describes ‘Show fortitude’ as demanding of guardians that they, “Accept hardship with uncomplaining stoicism”. Through Hortense, she gives examples to show how this expectation is present in all kinds of guardian work:

Fortitude has obvious roots in military life. It is greatly esteemed in police forces, and for clergy, too. And for people running in elections…So gruelling. And they can’t whine or show weakness. Remember that Maine candidate for the presidential nomination? I was a young girl at the time. When opponents cast aspersions on his wife, he wept in public. I thought it endearing of him. But it put him out of the running.

A soldier might become tired whilst marching or a bureaucrat might become mentally exhausted from enforcing their institution’s rules. Yet, insofar as they are both guardians, the rule that they must display physical and mental toughness is the same. The reason for this demand comes from the fact that, if guardians lack physical vigour and mental resilience, their ability to effectively ‘Exert prowess’ and ‘Deceive for the sake of the task’ can become compromised. In sum, the demand for fortitude is meant to exclude from guardianship those incapable of enduring the punishment that is an expected part of a guardian’s duties.

Yet, human beings naturally fear that which causes them harm. Being physically and mentally resilient alone is not always enough to allow guardians to overcome such fear. Jacobs believes that an exhortation to be ‘Be fatalistic’ was adopted by guardians as a defence mechanism against the psychological impact of a guardian conflict actually or

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80 Ibid., Page 90.
81 Ibid.
potentially going poorly: “Fatalism is useful, and maybe even necessary, for people in highly chancy pursuits like warfare, police work, and even running for election”.\textsuperscript{82} 

Fatalism can be a great source of confidence for guardians, particularly for those who face the prospect of losing their lives. Believing that victory is assured, even fated, can help guardians persist in the face of adversity. However, this confidence must not stray into outright optimism. Guardians who are overly optimistic, believing that they can find a way to prevail regardless of how bad a situation can become or already has become, can lead to dangerous overconfidence. This does not mean that guardians in a losing situation will, or must always, fear adapting their strategy in order to achieve victory. Rather, this precept is meant to serve as a reminder that even the toughest, most skilled and experienced guardians are not perfect. Given the high stakes of much guardian work, ‘highly chancy’ to use Jacobs’ terminology, most guardians will eventually have to psychologically process an unexpected defeat or trauma. If a guardian is overly optimistic about their abilities then they might find themselves in a hopeless situation that may have been avoidable with a bit more caution.

1.3.2 – The second cluster: A guardian context for guardian abilities

The second guardian cluster contains, ‘Be obedient and disciplined’, ‘Respect hierarchy’, ‘Adhere to tradition’, and ‘Take vengeance’. Much like the precepts in the first commercial cluster, together these precepts create a guardian moral context that is built on close adherence to obedience, hierarchy, tradition and punishment. The purpose of this cluster is to introduce organization to the exercise of the precepts in the first guardian cluster.

\textsuperscript{82} Jane Jacobs, \textit{Systems of Survival}, Page 90.
We will begin by discussing ‘Be obedient and disciplined’. This precept is a straightforward demand that guardians follow the orders of their superiors. The principle reason for this demand is that guardian organizations want to minimize the inconsistency of action caused by personal conscience. Guardian organizations are groups of people that have banded together to fight or advocate for some unified purpose. That purpose is set by the leadership and, if they are effective, it will be the reason why members of the group stay focused on their goal until it is accomplished. If each member of the rank and file could decide for him or herself what the group’s goals ought to be and how to pursue them then the organization would quickly cease to function like a unified group at all.83 When the guardian organization in question is the police or the military this lack of unity could be deadly instead of merely dysfunctional. Thus, adherence to ‘Be obedient and disciplined’ provides a consistent code of behaviour that tells members, as well as non-members who are under the authority of the guardian organization, to know clearly what that organization considers acceptable behaviour.

The more dangerous the type of conflict that a guardian organization engages in the less likely it is to admit exceptions to its rules. However, even in the strictest guardian organizations there is still some room left for agency. Through Hortense, Jacobs touches on a widely understood exception to ‘Be obedient and disciplined’: “Obedience doesn’t excuse crimes against humanity…That was the point of the war trials against Nazis (sic) and later the trials of people like Eichmann. I think that proviso to obedience is fairly widely understood”.84 Depending on the type of conflict the guardian organization regularly faces, less extreme situations than war crimes may qualify for this exception.

83 Jane Jacobs, Systems of Survival, Page 64.
84 Jane Jacobs, Systems of Survival, Page 64.
Yet, Jacobs’ main point is to acknowledge that even in strict guardian organizations ‘Be obedient and disciplined’ admits exceptions to following orders for the sake of avoiding extreme behaviour. It is true that choosing to invoke such exceptions can practically mean severe punishment or even death if one cannot convince their organization that their disobedience is justified. Those individuals who proceed with their disobedience anyways can take comfort in the fact that their actions are morally justifiable and even morally praiseworthy. While this is cold comfort for the person potentially making the sacrifice, the fact remains that we honour people who are willing to put themselves at risk in this way to do the right thing.

Jacobs says about ‘Respect hierarchy’ that, “It is the chief principle of organization for guardians”.85 While ‘Be obedient and disciplined’ asks that guardians follow the orders of their superiors it does little to indicate which individuals are superior to others. In her discussion of the commercial syndrome Jacobs points out the connection between contractual law and individual rights. Jacobs claims that a similar connection exists between ‘Respect hierarchy’ and the way rights are understood in a guardian context.86 Rights in guardian work are granted on the basis of rank and thus are necessarily unequal. Jacobs gives eminent-domain as an example:

Eminent-domain powers also reflect hierarchical ranking among governments. Under our arrangements, a municipality can’t block the taking of even its own property by its state or the federal government. Rule of rank.87

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85 Ibid., Page 65.
87 Ibid., Page 67.
In sum, hierarchies act as a way to formalize obedience. As Jacobs puts it, “hierarchical law reinforces prowess”.

Strict guardian hierarchies show who owes obedience to whom by spelling out who has the right to use which guardian capabilities and to what degree by only giving out rights, and thus agency, on the basis of rank.

Jacobs stresses about ‘Adhere to tradition’ that its most important moral meaning is that it acts, “as a substitute for conscience in guardian work”.

This affects both those of high and low rank, albeit differently because of the difference in privileges. In the following, Jacobs elaborates on the way tradition may affect those of a lower ranking:

“Normally, it sets limits to what’s done. Adhering to tradition reassures a scrupulous or doubting recipient of orders who has no practical choice but to obey them”. When faced with the choice of following difficult orders or dire consequences for disobedience most of the rank and file end up choosing to follow orders despite their personal feelings. However, they may find comfort and reassurance in the fact that by taking on a difficult task, which was a part of their predecessor’s duties, they are carrying on the proud traditions of those who came before them.

‘Adhere to tradition’ shares important links with ‘Be obedient and disciplined’ and ‘Respect hierarchy’. The higher an individual climbs in a hierarchy the less demands for obedience and formalized rank can act as checks on their behaviour. This is because they simply have fewer superiors. For example, a head of state may have no official superiors according to the hierarchy. Modern democracies often adopt the convention that a head of state swears an oath to uphold the nation’s constitution or to serve the will of

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88 Ibid.
89 Ibid., Pages 64.
90 Ibid., Pages 64-65.
their people as a check on their power. In time, such conventions become traditions and new leaders are expected to follow them as their predecessors did before them. It is important to note that the expectation of these traditions is not simply that people subject to them will carry out their duties but that they will do so in the same way that their predecessors did. If people elect not to be guided by the past then tradition, with its capacity to discourage behaviours without its weight, provides reasons for subordinates to question orders that go against it. Furthermore, traditions provide reasons for higher ranked personnel to question their own actions when those actions contradict the tradition. Jacobs points to revolutionary regimes as an example of what happens when the friction of tradition is absent: “I suspect one reason revolutionary governments have become cruel so easily and swiftly after ascendancy is that they’ve lost the brakes of tradition. Throw out tradition and there goes its friction”.91 In sum, traditions that are respected serve the purpose of providing a check on abuses of power even at high ranks of a guardian organization.

The last precept in this cluster is ‘Take vengeance’. This precept demands that when a guardian or their organization is challenged in some way, the guardian ought to retaliate. However, ‘Take vengeance’ does not encourage individual guardians to seek personal satisfaction. Instead, this precept assumes the idea that our reactions to affronts are important in teaching people what to expect from us and thus how to treat us. If a nation has a legitimate reason to believe that invading a neighbour’s territory is likely to result in some form of devastating retaliation then it is probable that they will avoid this course of action. However, if they push the boundaries and find that the reaction was far

less devastating then they had believed, they may pursue this course of action further. In
this sense, ‘Take vengeance’ captures Hobbes’ main point about the necessity of fear.
Jacobs makes this same point when referring to witness protection programs: “such
measures are not only for protection of witnesses…They are, at bottom, protection of
 guardian rule – to prevent authority from becoming a sick joke”.92 Those individuals who
can only be deterred by the fear ‘Take vengeance’ operates on make it necessary for
guardians to be willing and able to effectively ‘Exert prowess’ and ‘Deceive for the sake
of the task’ to protect their rule when it is challenged.

‘Take vengeance’ shares a connection with both ‘Be loyal’ and ‘Be obedient and
disciplined’. The difference between these connections is very instructive as to the
difference between these two precepts. ‘Be obedient and disciplined’ is reinforced by
‘Take vengeance’ in a straightforward way. If one’s goals are simply to ensure that other
people to do as one asks, then an effective way of making that happen is punishing those
who fail to comply. However, revenge rarely makes those who were punished more loyal.
In fact, punishing them is more likely to make them resent the guardian organization
doing the punishing. ‘Be loyal’ is reinforced by ‘Take vengeance’ in a more roundabout
way. When guardians opt to justly punish those who break their rules it gives those
affected by the rule breakers a sense of satisfaction and a reason to thank the guardians
for their fair and effective approach to their work. Unlike commercial life, where justice
means fair enforcement of the rights granted by contracts, in guardian work justly means
treatment appropriate to one’s status. Justice demands that those who fail to live up to the
responsibilities that come with their status, regardless of how high that status might be,

are to be punished as the law mandates. Doing so, and thus living up the claims that the justice system is fair and free of hypocrisy, can build loyalty among guardians. Thus, when it comes to punishment the key difference between loyalty and obedience is that gaining obedience through fear is straightforward and consistently effective while attempting to gain loyalty through punishment is often counter-productive if done in a direct way.

Jacobs is aware that even though the guardian moral purpose of vengeance is to assist with enforcing territorial rule, there is always the danger that guardians will seek vengeance for personal satisfaction. Jacobs believes that this is because the drive in human beings to take revenge is a powerful natural impulse:

The drive to retaliate packs enormous emotional power. It seems to come naturally to us…If we want to be gloomy about this, we can call ourselves the vengeful animals. We put a nicer light on it by saying we are the animals that love justice.93

Jacobs draws on Francis Bacon to make a general point about the anti-social effects of unrestrained vengeance: “Revenge is a kind of wild justice, which the more man’s nature runs to, the more ought law to weed it out”.94 Individuals taking revenge for a private insult are unlikely to approach the task with a level head. If they go overboard, they risk creating a cycle wherein their actions might drive others to retaliate against them. If that

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93 Jane Jacobs, Systems of Survival, Page 72. John Stuart Mill makes a distinction between our natural tendency to seek vengeance on those who harm us or frustrate our interests, regardless of the reason why, and what he viewed as the moral use of this natural reaction: resenting and seeking vengeance for injuries to society. In his estimation, if the type of action that caused an injury cannot be deemed worthy of repression for the good of society, like, for instance, non-serious harm caused by accident, then we cannot justify seeking vengeance against the perpetrator of the act in question. John Stuart Mill, Utilitarianism, Chapter 5, https://www.utilitarianism.com/mill5.htm, Accessed on March 29, 2018.

retaliation is successful then more vengeance could be sparked further feeding the cycle. It is worth pointing out that guardians, because they are trained to have the capabilities outlined in the first cluster, have the potential to be even more socially disruptive than the average person in their pursuit of private vengeance. This is because their abilities make them more likely to succeed in their quest for vengeance and thus more likely to kick off a vicious cycle like the one outlined above.

The threat of never-ending cycles of vengeance is often what spurs guardians to try to impose a vengeance monopoly. Jacobs points out that a guardian monopoly on vengeance raises two considerations:

First point: remember that monopolizing vengeance also means taking responsibility for doing justice. Second point: among armed troops forbidden to wreak private vengeance, some substitute is necessary to deal with soldiers who do, in fact, inflict injuries on brother soldiers.\(^9\)

In other words, if individuals are prevented from taking on the task of retaliation themselves then deciding a fair punishment falls to the guardian organization that took the right to personal vengeance away. If guardian organizations are going to adequately fulfil this responsibility then the judgements and punishments meted out by the guardian organization must be a satisfactory substitute. If not then the inadequate judgements will give people a reason to try to undermine the guardian organization’s monopoly by returning to private vengeance and the vicious cycles of revenge it brings.

1.3.3 - The third cluster: The centrality of loyalty

‘Be loyal’ is essential to the functioning of the guardian syndrome. It shares important connections with every other cluster. It is also in a cluster with two other

precepts that largely play the role of supporting ‘Be loyal’ by discouraging disloyalty. These precepts are ‘Be exclusive’ and ‘Shun trading’. These precepts operate on the assumption that the behaviours they brand as morally bad, conflicting loyalties and selling out respectively, can be deterred by moral taboo.

Jacobs describes ‘Be loyal’ as follows: “If any single precept can be called key or central in guardian morality, it is Be loyal”.96 Loyalty demands that guardians never intentionally harm or work against the interests of those to whom they owe their loyalty. This precept is strict in that it demands that no matter how dire the situation becomes a guardian must not break faith. Generally, this amounts to being required to forgo one’s own interests and possibly even one’s survival for the sake of one’s duties. The precepts outlined in the first cluster play the role of telling guardians what they must be capable of in order to participate in the guardian context laid out in the second cluster. While not strictly a part of the abilities prescribed in the first cluster, ‘Be loyal’ still refers to a necessary capacity that guardians must possess. This necessity comes from the fact that all guardians must meet the demands of ‘Be loyal’ as it is these demands that play a central role in telling them how to use the behaviours prescribed in the first cluster. To explain how ‘Be loyal’ indicates how and when to use their capabilities, consider Jacobs’ comments about ‘Deceive for the sake of the task’: “[Deception] must not be aimed at other members of the organization. That is disloyalty”.97 This same point applies to ‘Exert prowess’ as well. ‘Be loyal’ prohibits turning one’s capabilities on one’s allies, especially when those capabilities include inflicting harm or death.

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97 Jane Jacobs, Systems of Survival, Page 76.
‘Be loyal’ places a taboo on inappropriate uses of prowess and deception because such behaviours can be very socially disruptive when unregulated:

no successful military force can countenance feuds between men recruited from different families, clans, villages. Willy-nilly, they must become a band of brothers. The bonding and loyalty cult was most necessary where it was hardest to come by – but also where discipline could be most iron and indoctrination could best prevail.98

Guardians are unlikely to give obedience to another guardian or respect their rank if they have reason to seek vengeance against that guardian. In the passage, Jacobs makes the point that the guardian context is well adapted for inducing loyalty in members through indoctrination. This is made possible by the hierarchical structure created by the second cluster. What Jacobs means by indoctrination in this context is systematically imbuing loyal behaviour with shining moral praise for the sake of encouraging it while simultaneously insisting that disloyal behaviour is extremely disgraceful. Lastly, the internal feuding that loyalty makes taboo need not be violent. Guardian organizations, even modern bureaucracies and political parties, require the subjugation of individual interests to the group in order to avoid self-destruction via in-fighting even though the form this infighting takes is rarely violent.

The demands of the precept ‘Be loyal’ are clear enough. However, it is not necessarily clear to whom guardians ought to be loyal. Jacobs elaborates on this point:

“the job of most bureaucracies is to serve the public openly and aboveboard. Deceiving it is thus disloyal…the same trouble intrudes whenever a head of state

98 Ibid., Page 72.
takes to deceiving his own people. That is disloyalty to them, in favour of narrower loyalties to party, coteries, or his own interests”.  

If individuals are involved in any way with a guardian organization, even if they are civilians technically outside of and below the chain of command, aiming any guardian capabilities at them is forbidden by ‘Be loyal’. Yet, when guardian morality is dominant, loyalty does little to prevent the use of guardian capabilities against those wholly outside of the organization. This lack of moral deterrents to the targeting of outsiders could be checked by an understanding that a particular group is one’s ally and that harming them is dishonourable. Over time the bond may grow enough that full-blown loyalty is the expectation. However, this ban on hurting specific outsiders is still contingent upon friendship or the guardian organization continuing to view the other group as useful. Providing a general ban on prowess and deception against anyone not being socially disruptive, and thus necessitating guardian work, requires a symbiotic point of contact between the guardian and commercial syndromes. When such a symbiotic relationship is established, meaning that respect and understanding for both syndromes is instantiated by the average person, then the demands of loyalty go further than just a restriction on guardians using their abilities on their fellow guardians. They are also expected to protect those who would collaborate with outsiders for the sake of trade as well as those outsiders they elect to collaborate with.

The stringency of the demands of ‘Be loyal’ raises questions about why guardians who are of a lower rank, and thus are expected to risk and sacrifice more, would agree to subjugate their interests to their superiors. Indoctrination teaches guardians that being

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loyal is considered morally good and it can teach how a loyal guardian ought to behave. However, indoctrination alone does not sustain loyalty in the face of the heavy demands it makes of guardians. Jacobs touches on this when she tries to distinguish between loyalty and obedience:

> Obedience is a one-way street, while loyalty works in both directions. A superior is morally obliged to reciprocate the loyalty of underlings, at sacrifice to himself if necessary…loyalty embodies a mystique transcending obedience – the mystique of unbreakable fraternity, unconditional comradeship.\(^{100}\)

The demands of loyalty seem worthwhile because, unlike obedience, loyalty is reciprocal. Guardian leaders are expected not only to avoid abusing their authority and those under their command but to ensure their well-being as much as their duties allow. At times, guardian organizations may even extend protection or special benefits to individuals outside the organization whom members care about as a part of making loyalty reciprocal. When implemented correctly, loyalty can create a feeling of security, accomplishment and pride in the group that can effectively offset the negative feelings caused by an individual’s loss of agency. In sum, loyalty possesses an all-important ability to hold guardian organizations together as a direct result of its ability to justify, through reciprocation, the fundamentally unfair but ultimately necessary arrangements adopted by guardian organizations. Lastly, when successful this reciprocal element to loyalty provides a reason why one ought to endure hardship in the ways that ‘Show fortitude’ and ‘Be fatalistic’ demand.

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\(^{100}\) Jane Jacobs, *Systems of Survival*, Page 68.
Jacobs states the purpose of ‘Shun trading’ in what follows: “I propose the taboo originated as a different type of military safe-guard. Defense against treachery”.101 Jacobs gives more details in the following:

Trading secrets to the enemy is fundamentally like any trading. Both parties strike a bargain voluntarily for mutual benefit…in view of the danger, the personal disgrace of trading could not have been drummed in too thoroughly and early in the moral upbringing of children destined for military life.102

As was mentioned in the discussion of ‘Respect hierarchy’, guardians have special rights, such as a right to classified knowledge, attached to their rank. If guardians are open to selling the use of these privileges then the reason these rights were granted, enforcement of rules or carrying out some other duty, can quickly become undermined by those who have enough money. A soldier who takes a bribe in exchange for giving up the plans of their unit is disloyally selling out their fellow guardians for the sake of an opposing organization and their own enrichment. This is the same situation as when a building inspector is paid to look the other way when a construction company’s project is not up to code. In both examples, the guardians taking the bribes are enabling organizations or individuals who are opposed to the purpose of their own organization to undermine that purpose. In short, they cause the very outcomes they are supposed to prevent by introducing trade into their work.

‘Shun trading’ may be implemented in varying degrees of severity. A more severe implementation may aim to make it less likely that situations will occur where guardians even have the option of choosing between their personal enrichment and their duty by

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102 Ibid.
placing a taboo on anyone in a guardian position participating in commerce in any capacity. A less severe interpretation of the precept could be that guardians may trade but that they are not to trade access to their special privileges. Regardless of what form it takes, deterring behaviour that is selfishly disloyal to the goals of the guardian organization is the way that ‘Shun trading’ reinforces ‘Be loyal’.

In one sense the demands of ‘Be exclusive’ are an exhortation to be particular about who is admitted to the ranks of a guardian organization. Jacobs gives the following examples:

organized military forces set their members conspicuously apart from the rest of society with uniforms, special insignia, special manners such as salutes, special traditions – in all of which no one else is permitted to share…Of course guerrillas and terrorists do not, since they want to move through society like fish in the water, as Mao put it. But they are superexclusive about those they admit to their secrets and organizations. They have to be, for survival.103

In the first example, guardians ostentatiously distinguish their members from the rest of society in order to prevent individuals who have not been determined worthy users of the special privileges that come with membership from usurping that power and using it for self-gain. In the second, the guardians in question are literally being extremely choosy about their members in order to avoid admitting someone to their ranks who would disclose their secrets and destroy their organization from within. In both cases, the common theme is preventing people from gaining access to the special rights and privileges guardian organizations offer members for the sake of preventing there use in a way that would be internally disruptive to the guardian organization.

103 Jane Jacobs, Systems of Survival, Page 89.
In another sense, ‘Be exclusive’ asks that individuals who are already members avoid forming bonds that might conflict with their duty to be loyal to their organization. This meaning of ‘Be exclusive’ is the one that reinforces ‘Be loyal’ directly. Once again, conflicts between guardian organizations are often zero-sum and thus it is often the case that one must win and one must lose. In these situations any help given to one organization often translates to harm dealt to the other. Thus, neither organization is likely to allow members to remain in such a position because of the harm they can cause if, for example, they use deception and feign loyalty to one organization while working for the other. It is also possible that a guardian with conflicting loyalties could simply choose to give their loyalty to one of the organizations without any pretence or deception and to share valuable information as a result. In other words, this demand that guardians ‘Be exclusive’ is intended to encourage them to avoid putting themselves in a position where their loyalty could be subverted by a conflicting loyalty.

1.3.4 - Fourth cluster: Making the demands of guardian life worthwhile

The final cluster of guardian precepts relates to the previous three by offering ways to make the high demands of guardian work, especially those made by the second and third clusters, seem more worthwhile. The four precepts in this cluster are ‘Make rich use of leisure’, ‘Be ostentatious’, ‘Dispense largesse’, and ‘Treasure honour’. These precepts offer fun, visibility, gifts and recognition to offset the difficulty in meeting the demands of loyalty, obedience, prowess, fortitude etc. In so doing, these precepts can act as special perks of membership and thus make the prerequisite loyalty and exclusivity seem worth adhering to.
Starting with ‘Make rich use of leisure’, this precept goes further than a simple exhortation to relax: “People with time on their hands can molder in sloth and boredom; an unpleasant way to live, also guaranteed to let capabilities and energies deteriorate. A way of getting around this is to take on demanding noneconomic activities”.104 Using one’s leisure time to sit around does nothing to assist a guardian in any capacity and thus is not enough to garner the moral praise given for adherence to this precept. Jacobs says that one way to richly use leisure time is participating in activities that help keep one’s capabilities sharp. Jacobs lists sports, mock combat or challenging and competitive games like chess as examples.105 This meaning of ‘Make rich use of leisure’ supports the precepts of the first cluster by encouraging guardians to fill their leisure time with activities that, while not strictly training, will help to keep them in peak condition for facing the trials their work puts them through.

However, Jacobs does not limit her definition of a rich use of leisure to competitive activities like mock combat or chess: “Think about royal and aristocratic patronage of artists, musicians, writers, opera and theater”.106 Given that Jacobs indicates that the fine arts have been commonly considered a rich use of leisure by guardians throughout history, it seems that, in order for a guardian’s leisure activities to be considered a rich use of that time, those hobbies must be fulfilling and challenging enough that they can keep a guardian’s interest in a significant way.

105 Ibid., Pages 78-79.
106 Ibid., Page 79.
Jacobs believes that there is an important reason why guardians are expected to choose engaging leisure activities beyond the fact that boredom can allow capabilities to deteriorate. Jacobs outlines this in the following:

Let’s suppose for a moment that back in prehistoric times some hunting bands didn’t keep their work sporadic…Suppose they went in for unremitting killing for the gratification of it or because they didn’t know what else to do with themselves. A poor policy for survival, since they’d have exterminated their food supplies to no economic purpose. By definition, successful hunting bands have a conservation ethic. They confine their activities to their needs.  

Referring to Glenn Gray’s philosophical mediation on his time fighting in World War 2, called *The Warriors*, Jacobs draws an analogy between hunters and other guardians in this respect. Specifically, Jacobs draws on Gray’s discussion of soldiers who become killers for sheer pleasure. She cites Gray as indicating that, “this infinitely dangerous impulse is ordinarily countered not only by other impulses in the soldier’s nature but also by the fact that combat is episodic”.  

When guardians adhere to ‘Make rich use of leisure’ they avoid resorting to using their capabilities to entertain themselves in a devastatingly anti-social way.

Jacobs’ last point about ‘Make rich use of leisure’ is also her most important. She indicates that heaping moral praise on those who seek to ‘Make rich use of leisure’ also has the effect of reinforcing loyalty: “Even when the leisure affords nothing more glorious than a policeman’s ball or the roistering of soldiers and sailors on leave, it

108 Ibid., Page 78.
reinforces loyalty”. However, this can go beyond the idea that people who relax together often become closer. Jacobs describes what she means in the following:

And of course arts and recreations of all kinds – literature, dance, music, painting, sculpture, tragedy, comedy, slapstick, holiday feasts and customs, monumental architecture, rituals of celebration, supplication, mourning, and victory – they all give body, give human and cultural meaning, to territorial loyalties, meanings that geography alone, no matter how dear the geography, can’t satisfy.

Whether a guardian organization offers simple social gatherings or large scale festivals, these shared social events foster an appreciation of the group and its culture which can greatly strengthen loyalty. In other words, ‘Make rich use of leisure’ can offer guardians things to protect and cherish. These valuable events and the people that make them happen can act as persuasive reasons for them to meet the demands of loyalty by protecting them.

Jacobs is careful to point out that the precept, ‘Be ostentatious’, does not prescribe personal bragging. Instead, it encourages what she terms impersonal guardian display.

She gives examples of what she means in the following:

Ostentation at its most naked, as in military shows, parades prowess (sic) and is calculated to evoke awe, fear, or reassurance. But in most guises guardian ostentation is somewhat subtler. It expresses pride, tradition, continuity, stability. Think of the rich paneling and high ceilings of important courtrooms, approached by wide flights of marble stairs.

Jacobs wants to distinguish guardian ostentation worthy of moral praise from what she views as the self-indulgent ostentation practiced by individual consumers or rich

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109 Ibid., Page 82.
110 Jane Jacobs, Systems of Survival, Page 82.
111 Ibid.
112 Ibid., Page 83.
commercial organizations that go overboard. She admits that, “when it’s divorced from other moral purposes, even guardians reduce ostentation to sheer silliness – witness Mrs. Marco’s shoe wardrobe”. In other words, ‘Be ostentatious’ does not demand of guardians that they find ways to openly express their honour, accomplishments or capabilities for the sake of personal vanity. Jacobs acknowledges that, “To be sure, trappings aren’t substance. But those trappings reinforce respect for law and government, as the ostentation of churches or temples does for spiritual traditions and worship”. In sum, ‘Be ostentatious’ asks guardians to proudly display their best for the sake of encouraging both those inside and outside of the organization to grant them the respect, honour and loyalty necessary for guardian authority to be effective. Lastly, these displays must be legitimate because, as was noted above, deceiving one’s fellow guardians is anti-social behaviour worthy of moral derision not moral praise.

Jacobs describes ‘Dispense largesse’ in the following way: “The art of dispensing serious largesse…is the art of calculating just who in a domestic population or client state needs persuading, placating, or threatening at a given time”. Thus, it seems that Jacobs is defining this precept as an attempt to influence someone, or a group, through material means. This influence might take the form of material aid that ingratiates the receivers to the guardian organization because of its generosity. However, receiving aid implies need and when this is the case this need can be utilized for the sake of manipulation by threatening to cease the aid unless the receiver complies with the giver’s wishes. Both uses of the precept will be elaborated on in what follows.

113 Ibid.
114 Jane Jacobs, Systems of Survival, Page 82.
115 Ibid., Page 84.
Jacobs describes the use of largesse as aid in the following:

Commercial criteria of productive investment are irrelevant for much territorial well-being: for instance, the health of a population, or help when disasters like floods, earthquakes, or unemployment strike. Largesse can finance desirable territorial amenities, such as preservation of historical treasures, say, or natural wonders; and it upsets many of us if we sense that traditional objects of largesse, like those, are being commercialized.¹¹⁶

Jacobs believes that both guardians and commercial people invest their wealth albeit in very different ways and to very different ends. When traders adopt the goal of investing productively this often means that one of the products they want their investment to promote is further wealth. Guardians, for their part, often distribute wealth for the sake of influencing the lives of the people living in their territory and ensuring their continued control of that territory. Jacobs explains further in the following:

Largesse manipulates…That is its object. However, the consequences are not always ugly…Largesse, when used astutely, can not only buy loyalty, as Machiavelli understood so well; it can buy a measure of contentment and tranquility – territorial aims not to be sneered at.¹¹⁷

As examples Jacobs offers Robin Hood or, a similar Japanese figure, Benzuiin Chobei due to their mutual tendency to share their spoils with the less fortunate perhaps for the purpose of doing the right thing but also to ingratiate themselves to these people so that they were less likely to be turned in by them.¹¹⁸ As these examples demonstrate, the endearing effect of well-timed and freely given largesse can influence its recipients to become not only more loyal to their benefactors but also possibly more obedient as well.

¹¹⁷ Ibid.
¹¹⁸ Ibid., Page 86.
In other words, when largesse is used effectively it can meet a population’s needs without the need to also be financially productive while simultaneously placating those needs before they turn into unrest or even conflict.

Yet, the use of largesse to influence can also refer to attempts to get people to conform. Jacobs elaborates on this latter meaning in the following:

[Largesse] creates dependency, as both Machiavelli and Kissinger understood well. But a historian of Ireland has made this comment about the use of largesse by English overlords there: ‘Dependency enjoined at once conformity and defiance. Conformity was necessary for survival; defiance was necessary for self-regard’.  

Those who have need of guardian largesse, and become dependent on it, risk having it revoked if they take actions that are contrary to the guardian organization’s policies. Ceasing aid, or perhaps the mere threat of such action, can be enough to convince recipients to conform. However, the comment about defiance above touches once again on the distinction between loyalty and obedience. Threatening to cease dispensing largesse as a method of taking vengeance will not display the willingness to care for those in an inferior position necessary to strengthen loyalty. Such an action will only ensure obedience and perhaps that only for a time.

One might ask why Jacobs considers ‘Dispense largesse’ a precept only appropriate in the guardian syndrome given that some commercial conventions include an expectation of gift giving. For instance, individuals may take a potential client out to dinner or even exchange gifts for birthdays or on holidays. The answer is that to some extent these conventions disqualify themselves from coming under ‘Dispense largesse’

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119 Jane Jacobs, Systems of Survival, Page 86.
because they are conventions and are thus expected. If an exchange of gifts is ritualistic and expected then such exchanges will be commonplace. For largesse to be useful it must offering something of use to the receiver to achieve its goal of manipulate them into doing what one wants. Gifts that are small, usual or commonplace are unlikely to be useful for influencing people who regularly participate in these types of exchanges. Yet, giving a more expensive gift than usual or giving one outside of normal convention might fall into the category of giving and taking bribes which is considered morally wrong under both syndromes, albeit in slightly different ways. It is not considered wrong to use largesse to influence an enemy in guardian work so long as the offering of a bribe does not threaten loyalty and obedience within the guardian organization itself. Yet, accepting bribes is explicitly forbidden by ‘Shun trading’. This prohibition is reflected in the fact that many modern and past states had laws against bribing public officials.

Those who are more cynical about modern business culture might argue that giving and receiving bribes in business is implicitly, and sometimes even explicitly, believed to be acceptable. This ignores the fact that many modern nation states also have legal provisions which prohibit commercial bribery.\textsuperscript{120} Commercial bribery is defined as giving or receiving something, usually material in nature, which may benefit the targeted individual personally but will not necessarily benefit the company that that person is an agent of. The goal of investing for productive purposes would disqualify, at least from the perspective of many companies, such actions as enrich employees personally at the expense of those who employ them.

The daily working lives of traders is often focused on the pursuit of material wealth. The purpose of asking guardians to ‘Treasure honour’ is that it gives them a goal to pursue that, when done legitimately, complements guardian work instead of disrupting it like pursuit of wealth. Jacobs explains what she means by honour in the following:

Honor is recognition of status and the respect owed to status. Here is the crux, for either honor or face. The respect is owed, and the self-respect earned, because honor implies moral obligations, and its possession certifies that the obligations attached to a position – whatever they may be – are admirably fulfilled.121

In one sense, ‘Treasure honour’ works as a formalized understanding of reputation for guardians. They are often acknowledged for performing their duties admirably. They might, through their prowess, prevail in a difficult situation. Military or police might receive a hero’s welcome and a medal or some other physical token in recognition of accomplishment. Furthermore, the very act of agreeing to become a guardian is not without its sacrifices:

When guardian life is lived honorably and responsibly, constant sacrifices are expected in service to duty. That’s especially true in the higher ranks of guardians. I’m not thinking now of passing up opportunities to make money. That’s obvious. I’m thinking of forfeiting freedom to associate with whomever one pleases, freedom to air personal opinions openly if they conflict with policy, and, often enough freedom to speak the simple truth.122

Simply choosing to become a guardian makes an individual worthy of a measure of honour and the more demands their position makes on them the more honour they are owed. Whether a guardian is being honoured for an accomplishment or because they have agreed to take on the heavy demands placed upon them by their position when guardians

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121 Jane Jacobs, Systems of Survival, Page 91.
122 Ibid., Pages 91-92.
are recognized for their accomplishments it makes them more likely to ‘Be loyal’ and thus reciprocate the kindness of being recognized.

Yet, while it is true that a guardian may possess status as a result of their position within the hierarchy, honour is distinct from formal rank. If guardians have reason to believe that one of their own has failed to adequately live up to the obligations of their rank then that guardian may have their status recognized while simultaneously having their honour denied.
Chapter 2 – A Defence of ‘Why Two Syndromes?’

2.1 – Definitions of taking and trading

In her fourth chapter, aptly named “Why Two Syndromes?”, Jacobs makes some grand and controversial claims about working life morality and the available methods of making a living. Through Kate she says that, “I think we have two distinct syndromes because we have two distinct ways of making a living, no more and no less”.\textsuperscript{123} Those two methods are taking, upon which the guardian syndrome is based, and trading, upon which the commercial syndrome is based. If true, this claim prevents Jacobs’ current iteration of the LISC, which assumes that there are only two moral syndromes, from potentially being undermined by the possibility that a third syndromes causes interactions not predicted by the law.

Jacobs’ other characters question and challenge Kate’s assertion that taking and trading are the only two methods. Hortense says: “I’d have thought we had no end of ways…what do you mean only two?”.\textsuperscript{124} Kate responds first that having two ways is extraordinary as it is what sets us apart from other animals.\textsuperscript{125} Jacobs then has Kate

\textsuperscript{123} Jane Jacobs, Systems of Survival, Page 51.
\textsuperscript{124} Ibid.
\textsuperscript{125} Ibid.
respond more fully by laying out her definitions of taking and trading. She starts with taking:

we’re able to take what we want – simply take, depending of course, on what’s available to be taken. That’s what all other animals do, including even some highly developed social ants, who capture aphids to serve as milking herds, or beavers, who log to construct dams and lodges, or wood rats, who collect and hoard baubles, or Norway rats, who take voyages on ships from port to port.\textsuperscript{126}

Notice that all of the behaviours undertaken in Jacobs’ examples are also behaviours that humans participate in. Human beings the world over and throughout history have domesticated animals for the purposes of using them for labour, their physical products and for consumption. Human beings also extract natural resources from their environments and manipulate them into useful objects like tools, clothes or shelters. There have also been numerous groups of people that have gotten what they need by collecting, or hoarding to use Jacobs’ word, the perishable and imperishable goods available in their environment regardless of whether they had a previous owner and whether that owner was willing to part with them.

Two chapters later, Jacobs has Ben criticize the claim that there are two distinct methods of making a living. The group is conducting a thought experiment in which they are discussing what the first instance of trading between humans may have looked like. At this point in the discussion they are conceiving of the instance as simple hunting bands meeting at a local landmark to exchange simple goods from their territories such as brightly coloured bird feathers or a gourd of honey. Ben argues that, “So one fellow robs a bird of its life and then its feathers…Half an hour later he exchanges his plunder with a

\textsuperscript{126} Ibid.
fellow who robbed the bees. It all comes down to taking”.\textsuperscript{127} Jacobs has Jasper, who by this point has started to renounce some of his initial scepticism, argue that in trading something new has been added: “The bird man did not rob the honey man or vice versa”.\textsuperscript{128} Jacobs has Kate elaborate on Jasper’s point: ‘The giant difference lies in that innocuous phrase I used when I first talked about trading and taking: ‘depending on what’s available’”.\textsuperscript{129} This exchange is very instructive for grasping how Jacobs conceptually understands taking and trading. Ben’s example focuses on taking potential commodities from living beings but his point could possibly be extended to procuring inanimate resources as well. It seems that Jacobs includes this kind of initial procurement and, based on the types of examples she uses to explain the guardian syndrome, activities like conquest. Jacobs seems to be placing these activities in the same category because they all start from the assumption that the objects they are procuring are available to be taken. Some forms of taking are indeed innocuous as is the case with picking an apple off of a tree to eat or picking up a beautiful shell simply to have or possibly to trade later. Others, like a conquering army that estimates the goods within a foreign city or on a trade route are available to be taken because they possess sufficient fighting strength and/ or ability, are less innocuous. Yet, both share the starting assumption that the goods out there are available to be taken and that all one requires is the skill and will to do so.

Furthermore, it seems that Jacobs’ emphasis on how takers perceive objects’ availability also helps us to understand how she conceives of trading. In the following, Jacobs has Kate define trading for the group: “we human beings are capable of trading –

\textsuperscript{127} Jane Jacobs, \textit{Systems of Survival}, Page 104.
\textsuperscript{128} Ibid.
\textsuperscript{129} Ibid.
exchanging our goods and services for other goods and services, depending again, on what’s available, but in this case what’s available for exchange rather than taking. Moreover, available for exchange by voluntary agreement, the essence of trading”.¹³⁰ Traders approach the objects of others not as being available to be taken but as only available if the other person or group agrees to part with them, usually in exchange for something else. Thus, in the case of trading, unlike taking, consent is of the utmost importance. When one side is coercing the other to give up their possessions then, if successful, the ability to give or withhold consent is removed and what was a trade converts into an instance of taking. A helpful guide to what constitutes coercion in Jacobs’ eyes is any behaviour that would violate the precepts in the first commercial cluster. Lastly, in addition to being voluntary a trade is not a trade unless there is an exchange of goods. This exchange does not necessarily have to be of goods of equal value or for a price. It simply must be a voluntary agreement for one party to give up ownership of something of theirs so that they may take ownership of something of the other party’s.

2.2 – Is sharing an alternative method?

The most tenacious counter example to Jacobs’ assertion that there are only two methods seems to be sharing. Jacobs dismisses sharing as a viable third method on the grounds that: “Of course, everybody doesn’t have to make a living. Some people get by on gifts, charity, or inheritances. But that means somebody else worked up the wherewithal. How did they manage that? We’re back to two ways of doing so – taking or trading”.¹³¹ Karl Polanyi, a renowned economic historian and anthropologist, may

¹³⁰ Jane Jacobs, Systems of Survival, Page 52.
¹³¹ Jane Jacobs, Systems of Survival, Page 52.
provide a defence of sharing in his seminal book, *The Great Transformation*. In it he argues that there are three types of economic organization: market exchange, redistribution and reciprocity. It seems that the commercial syndrome accounts for market exchange which Polanyi describes as including both modern capitalist societies, based almost entirely on buying and selling for a price, as well as smaller market systems, like those based on barter or haggling that have occurred throughout human history. Polanyi describes redistribution as an economic arrangement in which goods are funnelled into the possession of some central authority and then back out again to various members of the society and for various purposes. He discusses several examples of societies around the world and throughout history that have organized their economies largely around the principle of redistribution:

> All large-scale economies in kind were run with the help of the principle of redistribution. The kingdom of Hammurabi in Babylonia and, in particular, the New Kingdom of Egypt were centralized despotisms of a bureaucratic type founded on such an economy. The household of the patriarchal family was reproduced here on an enormously enlarged scale, while its ‘communistic’ distribution was graded, involving sharply differentiated rations. A vast number of storehouses was ready to receive the produce of the peasant's activity, whether he was cattle-breeder, hunter, baker, brewer, potter, weaver, or whatever else. The produce was minutely registered and, insofar as it was not consumed locally, transferred from smaller to larger storehouses until it reached the central administration situated at the court of the Pharaoh. There were separate treasure houses for cloth, works of art, ornamental objects, cosmetics, silverware, the royal wardrobe; there were huge grain stores, arsenals, and wine cellars.132

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Polanyi goes on to give several other examples of societies that based their economies on redistribution while also utilizing money, such as ancient China, the Incas, India and Babylonia.\textsuperscript{133} Surveying the precepts of the guardian syndrome, such as ‘Be obedient and disciplined’, ‘Respect hierarchy’ and ‘Dispense largesse’, it seems that economies based on redistribution, those based on an obligation for material goods to be given to a centralized authority from which they can be re-dispensed, can be accounted for by that syndrome.

2.2.1 – An example of a reciprocal/sharing economy: The Kula Exchange

The other type of economic arrangement Polanyi refers to is reciprocity, which seems to be an economic arrangement based largely on sharing. Polanyi refers to the Trobriand Islanders of Western Melanesia as an example of reciprocity. The ethnographic work of Bronislaw Malinoski on the Kula exchange in the Trobriand Islands is one of the most commonly employed examples of a reciprocity-based economy. In this exchange, two types of objects are traded: long necklaces of red shell called \textit{soulava} and bracelets of white shell called \textit{mwali}.\textsuperscript{134} Used in a general way, the term ‘Kula exchange’ refers to the hundreds, perhaps thousands, of exchanges between individuals in which they trade a bracelet for a necklace or vice versa. The vast majority of the bracelets are made too small to be worn even by children. Those that are large enough, because of their great importance, are either only worn as ornaments at the largest and most significant of gatherings or are considered to be too important to ever be worn.\textsuperscript{135} When these items are

\textsuperscript{133} Ibid., Page 54.
\textsuperscript{134} Bronislaw Malinowski, \textit{Argonauts of the Western Pacific}, George Routledge & Sons, 1932, Page 81.
\textsuperscript{135} Ibid., Page 87-88.
exchanged, the act is often accompanied by elaborate rituals and public ceremonies.\textsuperscript{136} The participants are usually men and they \textit{kula}, or exchange the appropriate trinkets with one another, in a lifelong partnership. In fact, Malinowski goes so far as to state about the Kula that ‘Once in the Kula, always in the Kula’.\textsuperscript{137} A man can have more than one of these types of partnerships. Men of greater rank and importance will generally carry on \textit{kula} partnerships with a greater number of individuals.\textsuperscript{138} Which partners receive necklaces and which receive bracelets depends on their geographic location. The necklaces always move from hand to hand and island to island along a circuit, dubbed the Kula ring, in a clockwise fashion and the bracelets travel in the opposite direction.\textsuperscript{139} Depending on the route a specific object travels it may take it anywhere from two to ten years to complete a trip around the Kula ring. Lastly, once a man has a necklace or bracelet in his possession he is expected to pass it on within a year or two lest he receive a reputation for stinginess and the accompanying social sanctions.\textsuperscript{140} Participants in the exchange do not get to decide which direction to send bracelets or necklaces and do not get to keep the treasures they receive. They can, however, decide which of their partners will receive which bracelets/necklaces as some are considered more valuable based on the history attached to them.\textsuperscript{141}

2.2.2 – Empirical evidence for disqualifying sharing

There are two important points that can be made in defence of Jacobs’ claim that there are only two methods of making a living. The first is an empirical observation about

\textsuperscript{136} Ibid., Page 81.
\textsuperscript{137} Ibid., Page 83.
\textsuperscript{138} Ibid., Page 91.
\textsuperscript{139} Bronislaw Malinowski, \textit{Argonauts of the Western Pacific}, Page 93.
\textsuperscript{140} Ibid., Page 94.
\textsuperscript{141} Ibid., Page 92.
sharing-based economies like the Kula exchange: they do not seem to be undertaken for the purpose of making a living. The fact that the items being exchanged in the Kula are trinkets with no usefulness when it comes to a person’s or group’s survival makes the exchange a strange example of a sharing-based economy that makes a living for its participants. On that front, it is admittedly deficient. Yet, it illustrates the point that reciprocity-based economies are generally not intended to directly provide a living exceptionally well. Malinowski himself asked of the Kula exchange: why do the Trobrianders travel sometimes hundreds of miles, often by canoe, to exchange trinkets that are of decorative value at most and oftentimes not even used for that purpose? Malinowski provides two reasons. Firstly, the Kula provides the ability to show one’s worth in the absence of war. As Malinowski says: “Success in the Kula is ascribed to special, personal power, due mainly to magic, and men are very proud of it. Again, the whole community glories in a specially fine Kula trophy, obtained by one of its members”.\footnote{Bronislaw Malinowski, \textit{Argonauts of the Western Pacific}, Page 95.} The Kula allows men to earn themselves and their community’s honour by showing what is interpreted as a mystical kind of prowess that is a motivation quite in line with the guardian syndrome.

The other purpose Malinowski gives, and more important for our purposes, is that when Trobriand men \textit{Kula}, these ritualistic exchanges create obligations to be both friendly and liberal with their partners. This is especially true when one’s partner lives far away in an unknown and potentially dangerous part of the Kula ring. As Malinowski puts it, “the Kula partnership provides every man within its ring with a few friends near at hand, and with some friendly allies in the far-away dangerous foreign districts”.\footnote{Ibid., Page 92.}
use of material exchange for the purpose of alliance building is what Marshall Sahlins, a prominent economic anthropologist, is referring to in the following passage about economies based primarily on redistribution and/or reciprocity: “A great proportion of primitive exchange, much more than our own traffic, has as its decisive function this latter, instrumental one: the material flow underwrites or initiates social relations. Thus do primitive peoples transcend the Hobbesian chaos”144. This exchange offers opportunities to adhere to ‘Dispense largesse’ by giving away a valuable and storied trinket to individuals with whom one wants to build or maintain an alliance.

Even if we were to consider other types of reciprocity-based economy, such as the Moka exchange or the Potlatch in which the goods being shared are those that can be used for the purposes of making a living, this would simply beg the question of why participate in such elaborate exercises when the participants already have enough that they can afford to share in the first place. Consider these comments by Polanyi on a Trobriand social custom based on reciprocity:

“The male, who provides for his sister and her family by delivering the finest specimens of his crop, will mainly earn the credit due his good behaviour, but will reap little immediate material benefit in exchange; if he is slack, it is first and foremost his reputation that will suffer. It is for the benefit of his wife and her children that the principle of reciprocity will work, and thus compensate him economically for his acts of civic virtue.”145

If the purpose of reciprocal economic systems like this was straightforwardly to make a living for its participants why bother having a man practice subsistence horticulture in order to provide for his sister’s family? Why not simply have him, and everyone else in

the group, provide for their own and thereby reduce the complexity of their economic arrangement? The answer is that, like the Kula, these types of arrangements are very much in line with one of the purposes Jacobs ascribes to ‘Dispense largesse’: they are intended to foster good will among members of the community.

2.2.3 – Logical reasons for disqualifying sharing

The second way in which we might respond to the assertion that sharing provides a third method of making a living requires an understanding of how Jacobs uses the phrase ‘making a living’. The use of a phrase that begins with the verb ‘make’ indicates that Jacobs has in mind actions that can be taken to actively bring what one needs for survival into one’s possession. In the case of taking, if you take something from your environment or from someone then you have that object in your possession and available for your use. Trade, for its part, is less straightforward and consistent than taking when it comes to bringing objects into one’s possession. This is because you have to give something up to get something else and there is no guarantee that what you have will entice the other person to willingly part with their goods. Yet, if one decides to trade then that means that they give something to someone else and in exchange they give you something back. This means that trading shares with taking the trait that when you participate in an instance of trading you end up with something in your possession that is available for your use.

When Jacobs says that people can get by on sharing but doing so means that someone else works up the wherewithal what she means is that sharing does not possess the trait of leaving the sharer with something they can use like trading and taking does. If one decides to share what they have with someone then that means giving them that thing.
and not having anything new other than what one decided not to share. It is true that
sharing can create obligations of reciprocation or assistance if one needs help, but there is
no guarantee that the instance of sharing will be reciprocated or, if it is, that what one
received in return will be something useful enough and in a sufficient amount to be
helpful towards one’s survival. Lastly, if one is counting on receiving something useful in
return, it starts to look very much like trading in the sense that you give out to others
what you think will return to you enough of something useful for survival. If one is not
expecting something in return in this fashion then it is true that it does not qualify as
trading. However, this also means that one must either have very little regard for their
own or their group’s survival or they are making a living in some other way and thus not
by these instances of sharing.

Chapter 3: The LISC

3.1 – Definition of the LISC

Jacobs’ Law of Intractable Systemic Corruption (LISC) is her argument for
Plato’s assertion that the different parts of the city ought to avoid adopting each other’s
functions. Jacobs believes that the LISC predicts what happens when the two great
groups of occupations both she and Plato identified attempt to incorporation the values of
the other. More specifically, Jacobs indicates that the LISC has two parts and we will
focus on the first part. The reason for this is that it seems that the first part does an
immense amount of philosophical heavy lifting in Jacobs’ overall theory while the
second, even though important and interesting, is not as important to Jacobs’ overall
project. The first part of the LISC states that: “Any significant breach of a syndrome’s
integrity – usually by adopting an inappropriate function – causes some normal virtues to
convert automatically to vices, and still others to bend and break for necessary expedience”. Jacobs believes that while these precepts are virtuous when used in tandem with other precepts from their syndrome and when employed toward the appropriate type of work these same virtues convert into vices when they are employed along with precepts from the opposing syndrome.

The test case for Jacobs’ LISC will be an examination of the causes of the Latin American debt crisis in the 1970s and 1980s. The goal of discussing this example is twofold. First, I hope to show, after a review of the most prominent explanations of the debt crisis, that Jacobs’ explanation is the strongest among the available alternatives. Second, this example will demonstrate, in accordance with Jacobs’ theory, that some precepts that are virtuous when used in tandem with appropriate precepts convert into vices when used alongside inappropriate precepts from the other syndrome and other’s bend or break for necessary expedience. More specifically, I hope to show how competition became a vice while honesty was forced to break entirely for the sake of avoiding disaster.

3.2 – Significant vs. insignificant breaches

Yet, before we move on the discussion of the debt crisis proper, we ought to address the fact that Jacobs’ definition does not indicate what constitutes a significant breach of a syndrome’s integrity. We can turn to comments Jacobs makes in her discussion of ‘Make rich use of leisure’ for more clarity:

Think what happens when armed forces like the Khmer Rouge in Cambodia go in for unremitting killing, whether for pleasure, ideology, or because they don’t know what else to do with themselves. Or think how Nazi Germany organized its

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death camps, making an efficient, industrious factorylike business of murder and genocide. We wonder and shudder at a work ethic of producing and storing nerve gas sufficient to obliterate life many times over. These are examples of behaviour that conforms neither to the intact guardian syndrome nor the intact commercial syndrome. This is behaviour that picks and chooses precepts from both syndromes, creating monstrous moral hybrids.\textsuperscript{147}

When any guardian precepts take hold in a commercial context, or vice versa, and become the new normal, Jacobs believes that this new syndrome will be what she calls a monstrous moral hybrid. When monstrous moral hybrids are adopted by an institution or a society as a whole this constitutes a significant breach. This is not to be confused with what might be termed an insignificant breach which Jacobs describes in the following: “Individual criminals…like free-lance embezzlers, murderers, or robbers, are personal misfits within contexts supposed to be ethical”.\textsuperscript{148} The transgressions of these individuals are not insignificant to their victims. Nor is the moral corruption insignificant within that individual. However, the immoral activity of these misfits is insignificant when compared to the system-wide moral corruption that becomes engrained to the point that it forces all participants to take part in the bad behaviour regardless of their moral sensibilities.

It is possible to argue that perhaps these criminals are simply utilizing guardian values without the usual restraints such as loyalty and the concern for the group’s good that comes with it or obedience to a hierarchy and the restraints these precepts place on prowess and deception. On this view, the causes of the individual criminal behaviour in largely moral contexts could represent the use of an incomplete moral syndrome as opposed to the use of a hybridized syndrome, which is Jacobs’ main concern when it

\textsuperscript{147} Jane Jacobs, \textit{Systems of Survival}, Page 80.
comes to the LISC. Firstly, this concern does not undermine the fact that the distinction between an insignificant and significant breach relies on whether the breach in question is more accurately described as individual misfits introducing inappropriate precepts to a context that by and large rejects those precepts or whether an institution as whole has adopted inappropriate moral functions thus causing moral individuals within that institution to become the individual misfits in an largely immoral context. That being said, it is important that Jacobs’ take on the use of incomplete syndromes and how this possibility interacts with the LISC receive an explicit treatment.

3.3 – Incomplete syndromes

Jacobs’ views on incomplete syndromes are a bit difficult to understand as there is no specific section devoted to a discussion of them and thus her view must be pieced together from different parts of the work. In her chapter on the LISC Jacobs refers to Colin Turnbull’s anthropological work on the Ik as a response to the assertion, which she puts in the mouth of Ben, that a return to simpler societal arrangements would eliminate the types of moral messes her LISC seeks to explain. Her answer here provides something of an explanation of how she thinks incomplete syndromes and the LISC might interact. According to Turnbull the Ik were displaced from their territory and this forced an adjustment to subsistence farming which wreaked havoc on their society.\textsuperscript{149} Using Turnbull’s ethnography, Jacobs interprets the woes the Ik experienced as a direct

\textsuperscript{149} It should be noted that several reviewers have raised issues with Turnbull’s and Jacobs was apparently unaware of these criticisms. Some of the issues raised, if correct, would undoubtedly create problems for her use of the Ik as an example of the LISC. But the use of this example for the purpose of analyzing Jacobs opinion on incomplete syndromes and how they relate to the LISC should still be instructive even if it turns out that the her application of the LISC to the Ik is flawed due to issues with Turnbull’s evidence. Bernd Heine provides an overview of the issues surrounding Turnbull’s ethnography in: “The Mountain People: some notes on the Ik of north-eastern Uganda”, \textit{Africa}, Vol. 55(1), 1985.
result of their previous moral syndrome becoming intractably corrupted in their new environment: “But the Ik already had a different way of getting a living and a simple but appropriate moral syndrome for it. They had the hunting-and-gathering conservation practice of exerting themselves only as they needed for current requirements. I’ve already mentioned that as hunters they were masters of deception. They had no need for centralized organization nor for hierarchy and obedience since neither aggressive nor defensive warfare was part of their experience”.\(^{150}\) In short, Jacobs is explicitly acknowledging that the Ik did not utilize the complete guardian syndrome. In an earlier chapter Jacobs makes some comments that could indicate how she thinks the use of an incomplete syndrome is likely to turn out. This opinion is buried in an exchange between Kate and Ben about how certain precepts fared under the Soviet Union which Jacobs characterizes as a large-scale case of intractable systemic corruption. Kate asks Ben, “Like to think about ‘Promote comfort and convenience’?”, to which Ben responds, “That was for the future, after basic needs got top priority”. Kate’s, and seemingly Jacobs’, response is that, “You forget this is a syndrome. Loss or destruction of any part impairs the integrity of the whole. Attention to comfort and convenience can’t be put on hold; it’s a source of energy – a major source – driving commercial life”.\(^{151}\) Based on these two passages we can make two important observations. First, Jacobs beliefs that an incomplete syndrome is inferior to the complete syndrome likely because of the fact that missing precepts may mean the absence of useful behaviours or checks on the extreme proclivities of other precepts, as might have been the case with the individual criminal misfits mentioned above. Second, Jacobs seems to believe that utilizing an


incomplete version of one of the syndromes makes them more vulnerable to both shocks caused by unexpected changes and to significant breaches of their moral syndrome. Thus, incomplete syndromes could be factored into Jacobs’ overall theory as weaknesses that do not guarantee failure or intractable corruption but do make societies more vulnerable to them.

3.4.1 – Origins of the Latin American debt crisis: A basic description

The discussion of the debt crisis example will begin with a recitation of facts about the origins of the crisis that are generally not considered to be in dispute. The origins of the debt crisis involve two large oil price shocks, a sharp increase in price, that occurred in the 1970s: one in 1973-1974 and the second in 1979-1980. Early in the decade an increase in the price of oil meant that many developing countries, like those in Latin America, faced current account deficits while many oil producing countries, such as the member states of the Organization of the Petroleum Exporting Countries (OPEC), faced tremendous current account surpluses. In an effort to find a safe liquid place to deposit their funds, OPEC nations elected to deposit their billions of dollars in revenue in many of the large commercial banks operating in the US, the UK, France, Germany and Japan. Looking to invest in order to generate the revenue necessary to pay the interest on the deposits, these commercial banks looked to developing nations all across the globe.

Among the borrowing nations were multiple Latin American governments which gladly received these funds taking on billions in sovereign debt. One of the main purchases Latin American governments made with their borrowed funds was oil from OPEC nations. This created a cycle, generally referred to as the recycling of petrodollars, wherein OPEC money was loaned to Latin American nations who then used some of
those funds to purchase oil thereby fuelling further deposits leading to further loans and further purchases of oil.

Yet, Latin American nations borrowed funds far above what they needed just to purchase oil. To illustrate the magnitude of their borrowing, at the end of 1970 the total outstanding debt from all sources in Latin America was $29 billion. By 1982 this amount had risen dramatically to $327 billion. For the early part of the 1970s this situation was made tenable by the fact that real-interest rates were near zero on short term loans and there was a world-wide economic expansion underway. However, in the latter part of the decade this situation changed dramatically as many industrialized nations tried to clamp down on rising rates of inflation by tightening up their monetary policies. This usually meant that central banks in these countries were raising interest rates which, in turn, made it more expensive to borrow. In response, commercial banks began to shorten loan periods in addition to charging higher interest rates. In this more difficult situation, and considering the level of debt owed by Latin American borrowers, it did not take long before said borrowers became unable to service their debt.

Mexico became the first of sixteen countries in Latin America to reschedule their debt obligations when it announced that it could not service its debt, which had reached $80 billion USD, in August of 1982. In response to the debtor nation’s failure to meet their obligations the banks stopped new international lending and began to try to collect on outstanding loans and restructure their loan portfolios. With the taps turned off, many Latin American nations were plunged into a deep recession which, in turn, laid bare the shortcomings of many of the debtor countries economic policies. In a 1999 speech to the Florida International Bankers Association, former Federal Reserve Governor Roger W.
Ferguson Jr. listed the problematic policies as: “high domestic consumption, heavy borrowing from abroad, unsustainable currency levels, and excessive intervention by government into the economy”.\textsuperscript{152} Ross P. Buckley, a professor of international finance law, also lists many of the same factors with the addition of large budget deficits borne of political infighting over taxation, capital flight and government corruption.\textsuperscript{153}

3.4.2 – Factors internal to the debtor nations

The significant accumulation of debt among many Latin American countries was at the heart of this crisis. In the literature written about this event many different explanations have been given as to why Latin American debt levels reached the point where the borrower nations could no longer service these debts. The International Monetary Fund (IMF), an organization that played a key role in the subsequent attempts to address the debt crisis, and many orthodox economists have blamed the internal factors mentioned by Ferguson Jr. and Buckley. Their reasoning was simple: if the various Latin American nations had not adopted inefficient economic policies while simultaneously allowing corruption to run rampant then the borrowed petrodollars could have been put to productive use which would have allowed the debtor nations to repay their debts thereby avoiding the crisis.\textsuperscript{154} This reasoning is correct insofar as certain economic policies did make it far more difficult for borrowing Latin American nations to pay their debt. For instance intentionally overvaluing their currency was useful for deterring hyperinflation

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but also made it more difficult to export products while also encouraging the expensive habits of heightened import consumption and capital flight. Another example is the fact that many of these countries pursued policies of import-substitution and economic self-sufficiency over increasing exports that would have helped bring in cash with which to make debt payments.155

Yet, explanations focused on factors internal to the debtor nations are deficient for a number of reasons. First, they provide no explanation for the strange fact that if correct it would mean that many different countries simultaneously mismanaged themselves into crisis.156 Second, it does not explain why the banks, which on this model are seeking to maximize profit, chose to lend to Latin America when it is an, “indisputable fact that, ‘since independence, debt crises have been a permanent feature of the history of Latin America, being linked to the boom and bust cycles of the economies of the region’”.157 In defence of the banks’ choice to lend, some have argued that the risk analysis employed by the lending banks was insufficient. The words of Frank Griffith Dawson capture the sentiment: “‘[b]anks have had a hundred years to learn how to make a loan to the butcher on the corner. They’ve had only ten years to learn how to evaluate a sovereign risk’”.158 The argument was that market inefficiencies, in this case a lack of accurate information about the economic conditions within the borrowing countries, led to honest mistakes on the part of the lending institutions. However, this defence fails to account for the findings of the U.S. Government Accountability Office (GAO). In their report on the state of

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156 Manuel Pastor Jr., “Latin America, the Debt Crisis, and the International Monetary Fund”, Page 82.
country risk analysis during the lending boom they found that banks with larger exposures had adequate risk management while banks with smaller exposures did not. This is corroborated by the findings of a United Nations study on the debt crisis that divided the lending banks up into three groups based on their size: leader banks, challenger banks, and follower banks. The leader banks were large wealthy American banks like Citicorp, Chase Manhattan, Bank of America, J.P. Morgan and Manufacturers Hanover which ended up with large exposures to Latin American debt. Challenger banks were North American, European and Japanese banks which were smaller than the leader banks but large enough to compete with them for market share in international lending. Lastly, the follower banks were American, Canadian, European and Japanese banks that were too small to compete with either leader or challenger banks but still tried to profit by entering this burgeoning market as much as their resources would allow. Buckley indicates how well the ‘honest mistakes defence’ holds up for each of these three kinds of banks: “This is certainly true of the challenger and follower banks. Many of the leader banks had been in the business of international lending since the late nineteenth century – the reasons for their behaviour are harder to find”. In sum, the leader banks, which were largely responsible for the debt crisis, seemed to be well aware of the risks of loaning to Latin American nations and thus explaining why they chose to lend anyway by insisting that they simply made honest mistakes does not seem justified.

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3.4.3 – Factors external to the debtor nations

Another attempt to explain why the lending doom developed into a debt crisis comes from liberal and structural economists who focused on factors external to the debtor countries.\(^\text{163}\) For instance, interest rates on the loans to the Latin American nations had doubled between 1978 and 1981 as a direct result of the second oil price shock in 1979-1980. Many western industrialized nations feared that more expensive oil would lead to a shortage in their countries thereby causing widespread inflation. In response to this worry, many to adopted more stringent monetary policies, such as central banks raising their interest rates, to try to counteract inflation. Buckley points out that many Latin American nations had agreed to floating interest rates on their loans and thus saw massive increases to their interest payments. In the US, the attempt to stem inflation led to an increase in the value of the dollar beginning in late 1980. This made it so that debtor nations now had to export more to earn the same amount in US dollars as before. To compound this difficulty, commodity prices fell steeply in 1982 to about 33% of their highest 1980 levels. To these three factors, which Buckley describes as the three most commonly referenced in the literature, can be added that a worldwide recession was underway after the second oil price shock and that in 1982 the petrodollar deposits had begun to quickly dry up which likely contributed to increased interest rates as well as the banks abrupt decision to turn off the taps on the Latin American borrowers 1982.\(^\text{164}\) All in all, these external factors combined to create a situation that likely made it far more difficult for debtor nations to accumulate funds with which to pay their outstanding loans.

\(^{163}\) Manuel Pastor Jr., “Latin America, the Debt Crisis, and the International Monetary Fund”, Page 82.
Despite the importance of the aforementioned external factors in regards to explaining why the Latin American nations became unable to service their debt, focusing on such factors fails to account for several important considerations. First, this focus on external factors is deficient in the same way that the focus on internal factors is: it cannot explain why the largest banks, assuming that they are trying to maximize profit, lent as they did given the information they had about their potential borrowers. For another important consideration, we can turn to some observations Buckley makes regarding the external factors usually cited:

Of all the external factors perhaps only the appreciation in the U.S. currency would have been difficult to predict. Interest rates and commodity prices fluctuate greatly and the international economy periodically undergoes a recession. The direct causal link between interest rate rises and worldwide recession, and between worldwide recession and commodity prices, mean that this combination of external factors was predictable: the only uncertainty was as to when it would happen. The borrowers and the banks had together created an economic relationship which could not withstand the normal vicissitudes of international economic life.\textsuperscript{165}

In sum, international lending contends with these types of external factors on a regular basis and yet does not regularly result in a debt crisis of this magnitude. This means that the type of lending undertaken during the lending boom must be a more important factor in the occurrence of the debt crisis, one that an explanation that confines itself to just external factors cannot account for.

3.4.4 – Self-interest maximization and moral hazard

A third approach to explaining the causes of the debt crisis comes from a group of economists and social scientists who do not necessarily accept the framework of neo-classical economic theory. For example, this group includes neo-marxists and radical/unorthodox economists. Their views on the debt crisis differ from the previous two perspectives in a number of important ways. First, they seek to explicitly address a common weakness of the previous two accounts by arguing that the dominant feature of the lending boom was the lending itself. They believe that the lending boom represents another instance in a pattern of dramatically shifting levels of capital availability offered to the region: “The pattern, in brief, is initiated by a phase of ‘overlending’ in which banks aggressively seek new clients in order to protect market share; then, because of either a shock-effect (such as the turn toward tight money in 1979) or general market instability, banks collectively retreat from the market in a sort of ‘panic’”.

Of the many implications of this perspective, the one most relevant for our purposes is that if the aforementioned pattern is an accurate description of the debt crisis and similar previous events then it seems fair to say that the banks, and the type of lending which they undertook, played a far more important role, perhaps the most important role, in causing the crisis than the previous two perspectives would have one believe.

This perspective seeks to explain the phenomenon of the bank’s decision to over-lend by placing the lending boom in a larger context. Firstly, according to this explanation, the reason why the international banks consciously over-lent can be explained by certain weaknesses, flaws or crises of capitalism generally believed to be

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166 Manuel Pastor Jr., “Latin America, the Debt Crisis, and the International Monetary Fund”, Page 82.
167 Ibid., Page 82-83.
168 Manuel Pastor Jr., “Latin America, the Debt Crisis, and the International Monetary Fund”, Page 83.
centered on the core, which is to say the United States, but not necessarily exclusive to it. For example, the breakdown internationally of the Bretton Woods system, which tied exchange rates to the US dollar which itself was based on the country’s gold reserves, opened the door for profit-hungry bankers to loan far more freely to new customers in Latin America, Africa, Eastern Europe and East Asia. This is to say that the structure of international lending allowed for, perhaps even incentivised, lending for the sake of short-term profits at the expense of long-term stability. Some proponents of this perspective believe that the cause can be located earlier, in the 1960s, when dollar overhang, the amount of US dollars in circulation above the United States’ gold reserves, allowed for enough excess liquidity to create the Eurodollar market, which was unregulated following the collapse of the Bretton Woods system, which greatly facilitated the future lending boom that caused the debt crisis.

Other proponents of this perspective argue that the ability of OPEC nations to raise the price of oil and generate the surpluses that made the lending boom possible represented a weakening of the U.S. economic and its political hegemony in the world. The initial oil price shock put the largest, economically speaking, oil-reliant industrialized nations, France, the UK, the US, Germany, and Japan in a position whereby they were required to take measures to mitigate a potential recession. Generally, they all elected to become net exporters. Because these nations were all pursuing roughly the same strategy, they needed to look elsewhere for trading partners with whom they could maintain a positive trade balance. The Latin American nations, which were the target of petrodollar funded loans to ensure they could afford western imports, were among those potential partners. In sum, whatever weakness, or set of weaknesses, in the
capitalist system that one chooses to focus on, the common point between them on this perspective is that the aforementioned recycling of petrodollars contributed significantly to the lending boom but was not the ultimate cause. Rather, the recycling of petrodollars and any external shocks that affected the lending boom were merely symptoms of a greater crisis of capitalism.\(^ {169}\)

Another perspective on the debt crisis inserts moral hazard as a justification for the contention made by the previous commenters that the banks became involved in the debt crisis because of structural motivations that incentivized recklessly seeking to maximize short-term profits resulting in the unsustainable lending boom. This perspective incorporates aspects of two of the examples of the aforementioned crises of capitalism into an explanation based on moral hazard: the unregulated nature of the Eurodollar market and the recycling of petrodollars to avoid a recession caused by the initial oil price shock. In the face of the west’s dependence on oil, and OPEC’s ability to control the price, western governments, in consultation with the IMF, came up with the idea of utilizing the flexibility and anonymity offered by the unregulated Euromarket to facilitate the of recycling of petrodollars. This scheme required developing nations in Latin America, Africa and East Asia to take on debt so that they could purchase western products. This allowed western nations to become net exporters which, in turn, allowed them to avoid a severe recession.\(^ {170}\)

In her article on moral hazard, as it applies to the American health insurance industry, Deborah Stone defines the term thusly:

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\(^ {169}\) Manuel Pastor Jr., “Latin America, the Debt Crisis, and the International Monetary Fund”, Page 84.
Moral hazard is the foundational idea of health economics, and it has been extremely influential in shaping American health policy. Here’s the idea: when people have health insurance, they use more medical care than they would without insurance. They use more care because insurance lowers their cost. In a sense, moral hazard is just the law of supply and demand applied to medical care: when price goes down, demand goes up. Generally speaking, moral hazard refers to any incentives that may encourage one party to a commercial agreement to undertake risky behaviour that may negatively affect the other party.\footnote{Deborah Stone, “Behind the Jargon: Moral Hazard”, *Journal of Health Politics, Policy & Law*, Vol. 36 (5), October 2011, Page 887.}

Stone stresses that, despite claims to the contrary, the term ‘moral’ is in the name for a reason: it assumes that protection from negative consequences will incentivise unscrupulous individuals to take advantage if their situation allows.\footnote{Deborah Stone, “Behind the Jargon: Moral Hazard”, Page 888.}

Despite the fact that the implications of moral hazard for a subject like health insurance are radically different from the subject of international balance of payments financing, the concept of an actor behaving more recklessly because they are insured is still quite apt for this perspective’s proposed cause of the debt crisis. In short, proponents of this view argue that the commercial banks lent to shaky creditors in the amounts that they did and in spite of the information they had, because the central banks of their home countries and the IMF had given these commercial banks explicit guarantees of bail outs if necessary, which is to say they received insurance that protected them from the cost of failed investments. Moral hazard provides a type of structural motivation to recklessly pursue short-term profits as some of the unorthodox economists and neo-marxist commenters argued above. It does so by resolving the paradox of banks that agreed to loan to clients that they knew were unlikely to pay back their loans, and thus to expose
themselves to the tremendous financial losses this would inflict on them, while simultaneously being motivated to lend by profit maximization. On this explanation, the paradox is resolved not by arguing that the banks had less information than the evidence suggests but rather by arguing that explicit guarantees insulated them from risk and thus created a system that incentivized their risky behaviour on the grounds that they could reap the short term profits while avoiding the long term consequences of their risky loans.

The bankers that became involved were, least initially, understandably hesitant to participate in their governments’ plan. David Rockefeller of Chase Manhattan reportedly, “expressed considerable worry about the capacity of the private banking system to recycle extra Arab oil money into medium term credits”. Among the four main concerns that Rockefeller raised was the simple fact that most of the countries the banks were being asked to lend to were simply not credit-worthy borrowers. The banks were wary of the tremendous risks involved and were in fact that ones who requested that explicit guarantees be made that borrowing countries would be assisted if default became a realistic possibility and, furthermore, would not participate in the recycling of petrodollars without those explicit guarantees. Among the central banks responsible for organizing this scheme, the response to the request from the commercial banks for explicit guarantees was, at least initially, mixed. The Bank of England released a memo that stated, “it is the job of central banks to ensure the effective operation of a highly leveraged banking system and above all to prevent its collapse. The prospect of back-

stopping, even without any direct action, will go a long way toward providing such assurance.”175 In contrast, the central banks of Germany, Switzerland and the Netherlands, were afraid of creating incentives that could lead to moral hazard and, as such, firmly believed that any banks facing collapse should be allowed to do so. Karl Klasen, then President of Bundesbank, believed that shaky banks should be allowed to collapse so that they might serve as an example to the financial community of what happens to commercial banks when they participate in overly risky behaviour. Furthermore, he believed that offering a financial safety net would be self-defeating as the presence of the safety net would end up incentivizing the behaviour that would ultimately create the need for the safety net.176 Yet, by September 1974 the G-10 issued a communiqué that settled the issue and provided the guarantee that bankers like Rockefeller were looking for:

the Governors had also an exchange of views on the problem of the lender of last resort in the Euro-markets. They recognized that it would not be practical to lay down in advance detailed rules and procedures for the provision of temporary liquidity. But they were satisfied that means are available for that purpose and will be used if and when necessary.177

3.4.5 – Jacobs’ explanation: The adoption of ‘Dispense largesse’

Jacobs’ own perspective is that lending to Latin America represented a use of the banks’ resources that more closely adhered to the guardian precept ‘Dispense largesse’

rather than the commercial precept ‘Invest for productive purposes’. In what follows, Armbruster recounts Quincy’s, and Jacobs’, explanation of what occurred:

The gist of what the banks did, as he described it to me, was to cooperate with the World Bank by financing the pork-barrel projects it worked up, gigantic ones… The banks were also egged on by our own government to make loans that bolstered anticommunist regimes that might otherwise lean toward the Soviets. Some loans were calculated to undercut popular unrest. In sum, he now views the bad loans as fallout from the Cold War. In the receiving countries, he conceded, a lot of loan money went into ostentation on the part of rulers and largesse to their own henchmen, also domestic subsidies to keep things calm. Of course all of these are classic uses of largesse, included the big pork-barrel projects.178

Jacobs further argues that because these banks adhered to ‘Dispense largesse’ certain precepts that would ordinarily be virtuous within commercial activity, in particular ‘Compete’, came to operate as vices. Lastly, ‘Be honest’ was forced not merely to bend but to break entirely for the necessary expedience of preventing the banks from having to write down loans large enough to threaten their solvency and, considering the scale, the integrity of the international banking system.

Jacobs would likely respond to the moral hazard perspective by arguing that some of the banks’ behaviour cannot be justified if their primary motivation for lending was seeking profit through risky loans unrestrained by the long term consequences. For instance, Philip A. Wellons, an economist who has written extensively on the debt crisis, argues that: “Banks from various G-5 nations should act differently in markets for international debt if these national differences are important determinants of banking behavior. In practice they do. Bank behavior varies for entry and exit from international

markets, regional allocation of credit, and rescheduling. These differences are not adequately explained by such international economic criteria as size, experience, market share, or market imperfections. The home is critical.\textsuperscript{179} For our purposes, the reasons why the banks entered international markets are more important than why they left. However, these movements are indicative of government influence, as opposed to profit maximization, if banks from the same country seemed to enter and exit in groups. For example, Japanese banks entered and left international markets as a group several times between 1970 and 1981. Nor was this pattern unique to Japanese banks. French and German banks exhibited the same pattern between 1978 and the early 1980s.\textsuperscript{180} If the banks were lending to assist changing foreign policy initiatives, and thus making a choice to lend in accordance with 'Dispense largesse', this would explain the pattern of group entrances and exits. As security and political interests change in relation to other nations so to could the home governments' desire to support them with loans. If the banks were opting to lend according to these foreign policy interests then it would make sense that their lending patterns changed in accordance with their governments’ preferences. This is not to say that the banks complete dispensed with the profit seeking motive. Rather, Jacobs is arguing that lending to support home government policy took priority over ensuring that the loans were productive if the two goals conflicted.

The above discussion raises the question of whether the banks movements were in response to commonly available commercial information or whether it was due to attempt to adhere to their government’s policy and thus to be influenced by it. Carlo Edoardo


\textsuperscript{180} Ibid., Page 468.
Altamura and Juan Flores Zendejas claim that the archives of the major banking establishments show that political influences on lending decisions were omnipresent. They give as an example Lloyds Bank International opting in October of 1981 to act as lead-manager and coordinator of a syndicate of British banks that had committed funding to five major development projects. Brazil allocated these projects to U.K. industries as a ‘sign of gratitude’. This gratitude was likely the result of the subjects of a previous government-to-government memorandum signed by Minister Antonio Delfim Netto of Brazil and the British Secretary of State for Trade, John Biffen. The memorandum concerned the suburban railway system for the Brazilian city of Recife, which meant £43 million in guaranteed loans and £102 million in Euroloans, a thermoelectric plant in the state of Rio Grande do Sul, and a credit line to finance the Brazilian Navy’s purchase of U.K. equipment, amounting to £105 million in guaranteed credit and £121 million in Euroloans.181

Further evidence that the banks lent in accordance with their home governments’ foreign policy comes from the fact that banks from certain countries seemed to dominate lending to particular regions. If lending priorities were based primarily on profit maximization, as the previous perspectives assumed, one would expect banks to follow the pattern of greater lending to an area indicating more lucrative profits as opposed to banks of a single nationality tending to lend in groups to regions in which their home governments were actively pursuing foreign policy objectives. For instance, the U.S. made 36% of all loans outstanding in mid-1982 to Mexico, a country considered to be within its political sphere of influence at the time, and German banks made less than 4%.

However, in Poland, where the political situation was reversed the lending situation was also reversed. Additionally, the US had a much greater market share in Latin America and Pacific Asia than in other regions. Like Mexico Latin America and Pacific Asia were regions where the country cultivated political influence. A further example is in 1981 when Mexico was able to borrow $20 billion in short term debt from Japan. Wellons argues that: “The fast, indeed excessive rise in lending did not occur merely because Japanese banks with surplus funds overloaned in ignorance of one another’s activities, as an explanation built on market inefficiencies would suggest. Rather, the Japanese government began to strengthen ties with Mexico after the second oil shock in 1979 to secure another source of oil, and as part of that move Japanese banks were encouraged to lend to Mexico”. While Mexico was not within Japan’s usual sphere of political influence, the massive amount of short term loans in a small span of time were clearly meant to influence the Mexican government through material means for the sake of ensuring access to oil as a precaution against another oil shock.

Lastly, many of the projects the banks decided to fund must necessarily be described as investments that were simply never going to be profitable. If their motive was to maximize profits while insulated from risk then they would have had no reason to finance such projects. Yet, finance these types of projects they did. Take, for example, Brazil’s electric power utilities asking to borrow $50 million USD to build the Itaipu hydroelectric dam. The banks lent them $103 million. By the time of its completion the dam’s cost overruns were close to 400%. The dam was part of an expensive expansion

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of electricity production for Brazil that added $25 billion USD to their foreign debt. However, the dam, like many of the megaprojects undertaken in Latin America and elsewhere in the 1970’s, was not built to meet some demand: “Record-breaking dams – the world’s largest and the first in the rainforest – proved unnecessary. By 1983, electricity capacity exceeded demand and Brazilians were admitting that they had over-indulged. While ‘many countries over-consumed,’ they said, ‘Brazil over-invested’.”¹⁸⁴ Given that the demand for electricity was not high enough to justify the project it seems unlikely that the project was undertaken for the sake of it being profitable.

Indeed, the tremendous cost overruns of these megaprojects were usually not indicative of bad planning. As Patricia Adams, an economist and environmentalist who studied the debt crisis, notes the consistently high level of waste across multiple projects undertaken in multiple countries indicates that a more likely answer is corruption: “The constellation of ruinous economic policies can hardly be attributed to well-meaning, perhaps naive, and possibly incompetent Third World leaders. Instead, these policies generally represented deliberate acts by those in power to aggrandize or enrich themselves”.¹⁸⁵ Consider another major hydroelectric dam project in Brazil, Tucurui. Adams notes that, “Even the dam building industry called the ‘whole Tucurui story…one of incompetence, nepotism and greed’”.¹⁸⁶ Not only were these projects commercially unviable, in fact obviously so in the case of a major project like the Itaipu dam, but they were often mired in corruption that significantly, and intentionally, ballooned their cost. In another example, the Venezuelan Guayana Corporation (CVG) and its subsidiaries

¹⁸⁴ Ibid., Page 127.
¹⁸⁵ Ibid., Page 159.
¹⁸⁶ Patricia Adams, *Odious Debts: Loose Lending, Corruption, And the Third World’s Environmental Legacy* Page 53.
built payoffs into every construction project. In some cases, multinational corporations bidding on CVG projects complained of protracted delays caused by CVG executives fighting amongst themselves over who would receive the bribes.\textsuperscript{187} In sum, it would be difficult to explain the banks decisions to fund these types of projects if they were primarily motivated to maximize their profits. A better explanation of examples like these is Jacobs’ proposed explanation: the banks had adopted as a primary motivation the dispensing of largesse on behalf of their home government.

3.4.6 – Virtue turned vice: Competition

With the introduction of ‘Dispense largesse’, the drive to ‘Compete’, a usual commercial virtue, was converted to a vice. Jacobs makes it part of Quincy’s character that the bank he works for is one that was caught up in lending to Latin American governments. She has Armbruster recount a discussion he had with Quincy outside of the group’s regular meetings:

I pointed out to him that unless his bank was blind, the non-productive uses to which borrowed money was put must have become evident fairly early on. ‘How did you people get in so deep,’ I asked, ‘and why did you keep on with this charade so long?’ In sum his answer was ‘competition.’ His own bank, he admitted ruefully, set up offices in poor foreign capitals, in competition with other banks doing the same, and flew in hustlers to press and persuade poor governments to go deeper and deeper into debt.\textsuperscript{188}

As Patricia Adams points out, “As the petrodollar deposits accumulated in Western banks, so did the pressure to lend. The competition between banks for Third World

\textsuperscript{187} Ibid., Page 158.
\textsuperscript{188} Jane Jacobs, \textit{Systems of Survival}, Pages 132.
business became intense”.189 In other words, in the same way that banks would be
normally be pressured to invest productively and competitively to meet their costs, they
were also pressured to dispense as much largesse as possible due to competitive pressures
which were still present in the lending system despite the introduction of the ‘Dispense
largesse’ motive to lend.

In addition to the necessity of competing to cover their costs S. C. Gwynne’s
account of his time working at a medium-sized bank situated in the Midwestern US
during the lending boom shows another way in which ‘Compete’ made the debt crisis
worse. Gwynne’s comments give us an indication of what form this competitive pressure
may have taken:

But the senior bankers are fish out of water when it comes to international
lending. Many of them never wanted to lend overseas in the first place, but were
forced into it by the internationalization of American commerce; as their local
clientele expanded into foreign trade, they had no choice but to follow them or
lose the business to the money-center banks. So they uneasily supervise their
underlings, who are the hustlers of the world financial system, the tireless
pitchmen who drum up the sort of loans to Poland, Mexico, and Brazil that have
threatened the stability of the system they want to promote.190

This passage is part of a description Gwynne gives of the process by which a loan of $10
million USD was made to a financially shaky Philippine construction company
associated with the notorious Marcos family. The American company hoped to sell heavy
construction equipment to the Filipino company and, as clients with large deposits in the
bank at which Gwynne worked, they expected his bank to give the Filipino company a

189 Patricia Adams, Odious Debts: Loose Lending, Corruption, And the Third World’s Environmental Legacy, Page 110.
loan to facilitate the purchase. Gwynne recounts phone calls he received from by the 
CFO of the American heavy equipment company and even by the president of his own 
bank. They both asked him to give the loan, “a good, hard look. What [the bank 
president] means by that is that he wants to see this thing in loan committee, ASAP, 
damn the [Filipino company’s] leverage, and damn the balance-of-payment problems in 
the Philippines, period”.191 The gist of Gwynne’s tale is that once the money center banks 
began to lend internationally they put indirect pressure on the smaller banks by offering a 
service that the smaller banks, like Gwynne’s, did not initially offer largely because they 
were not equipped to offer it. However, if these smaller banks wished to keep the 
business of important clients who wanted to take advantage of this service then they were 
required to offer it themselves regardless of their level of preparation. In sum, the large 
commercial banks, by diving into this unsafe and unproductive form of lending, 
indirectly forced smaller banks to either participate in this dangerous type of lending or 
become uncompetitive.

3.4.7 – Honesty breaks for necessary expedience

In the debt crisis situation ‘Be honest’ did not convert from virtues to a vice but 
instead broke for necessary expedience in accordance with the LISC.192 Through Quincy, 
Jacobs notes that once the lending boom had reached its end, and the collapse of the 
international financial system was a real possibility, avoiding disaster in the short term 
required the use of accounting irregularities.193 Buckley explains in the following:

New money to facilitate interest payments accompanied most reschedulings. The 
title ‘new money loans’ was misleading as the money never reached the debtors

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but went directly to their accounts with the lending banks. In reality, the new credits were a method of capitalising interest payments in advance.\textsuperscript{194} As Jacobs has Quincy say, “We were cooking the books, to put it crudely”.\textsuperscript{195} In other words, as a direct result of the initial syndrome breach the banks were driven to another syndrome breach by violating honesty. The banks had backed themselves into a corner where they were forced to abandon a basic function of accounting, that the books accurately and honestly reflect the movement of resources, in order to avoid immediate disaster.

3.4.8 – Summary and reflection on the LISC

In sum, Jacobs proposed explanation of the debt crisis is superior to the other explanations commonly referred to in the literature. Jacobs’ explanation can explain the banks willingness to finance risky and unprofitable projects while also explaining why their lending patterns are better predicted by their home government’s foreign policies than by the clients that could offer them the most short-term profits thereby taking advantage of the explicit guarantees received from their home government’s central banks as well as the IMF. Her explanation does this by jettisoning the assumption that the bank’s primary motivation by lending to Latin America was profit maximization and instead argues that they were primarily motivated to ‘Dispense largesse’ to support their home government’s foreign policies. Also, as Jacobs LISC predicts, some precepts that are normally virtuous, as demonstrated by ‘Compete’, are converted into vices when they are combined with precepts from the other syndrome, in this case ‘Dispense largesse’.

Two examples that display the effects of competition are the competition over market

share in the lending boom that was partially driven by the need to pay the interest on the OPEC deposits and the need to meet the increased demand to offer international trade financing services to keep clients from turning to large money center banks who already offered these services. Lastly, Jacobs’ theory predicts that other precepts may be forced to bend or break entirely, as exemplified by the violation of ‘Be honest’ indicated by the adoption of dishonest accounting, for the necessary expedience of delaying the collapse of the corrupted system a bit longer.

It should be noted that one functional example, regardless of how effectively Jacobs’ theory worked within it, is a far cry from the evidence required to legitimize Jacobs’ claim to have uncovered a universal law of ethics. To establish that claim one would need examples, of at least the level of effectiveness of the debt crisis example, that establish that every single precept is devastating when employed alongside the precepts of the opposing syndrome. The claims of Jacobs’ LISC are at least intuitively clear for precepts like ‘Exert prowess’ or ‘Be honest’. However, they are significantly less so for precepts like ‘Treasure honor’ or ‘Be efficient’. This is not a task that Jacobs’ own chapter on the LISC, as thorough as it is, accomplishes and nor is it one that this work has the space to accomplish.

Chapter 4: Jacobs’ Universalism

4.1 – Does Jacobs’ Theory Only Describe Western Culture?

It might be thought that Jacobs’ overall theory is flawed in being too Eurocentric. This could be meant in at least two different senses. The first of these is that she is describing phenomena which occur only in a particular culture, specifically western
European or Anglo North American, which she mistakenly takes to be universal. She explicitly addresses, and responds to, this concern in her work. She has Ben express the concern that, “these precepts or values or norms, or whatever, are Western values…This is Eurocentrism. It applies, at best, only to a very limited part of the human race”, and then has Kate provide the response:

Come off it, Ben! I’m not dealing in metaphysics, or even abstractions. This is about concrete, nitty-gritty commercial life. It’s about giving honest weight, finding customers, and competing successfully with other commercial people. These precepts rule wherever commercial life is viable, East or West. They apply to Islamic innkeepers, Buddhist batik makers, Hindu brass craftsmen, or Shinto brake manufacturers, just as they do to Christian, Jewish, or atheist auto mechanics and potters.196

Jacobs is talking specifically about the commercial syndrome in the above comments. Yet, it is reasonable to believe that she intended to extend the claim to moral universality to the guardian syndrome as well. She sees the two syndromes as parallel, and thinks each is symptomatic of the aforementioned two basic innate types of activity: taking and trading.197

Jacobs’ work does indeed encompass cases drawn from a variety of cultures, and so cannot plausibly be said to be Eurocentric in the first sense. This is apparent in the types and variety of sources she uses to support her explanations of the two syndromes. It is important to note that this is not intended to be a comprehensive list of every source Jacobs uses. The following is merely intended to show that the evidence Jacobs focused on cannot be simply dismissed as Eurocentric. In her chapter on the commercial
syndrome she points to sources from ancient India\textsuperscript{198}, Egypt\textsuperscript{199}, Rome, and Greece, both ancient and during Greece’s conflict with the Ottoman Empire.\textsuperscript{200} She also refers to various points in European history, both Britain and the continent,\textsuperscript{201} and the findings of anthropologists like Mariam K. Slater who did field work in 1960s Nairobi.\textsuperscript{202} The evidence Jacobs provides for the guardian syndrome draws on the code of Hammurabi from ancient Babylon\textsuperscript{203}, the code of chivalry among European medieval knights\textsuperscript{204}, the extreme punishment for disloyalty meted out by China’s last imperial dynasty\textsuperscript{205}, several anthropological ethnographies\textsuperscript{206}, and even Machiavelli’s political treatise \textit{The Prince}.\textsuperscript{207} Perhaps the best use of evidence by Jacobs, at least for establishing universalism, comes from the beginning of her chapter on the guardian syndrome. Through Jasper, Jacobs proceeds to lay out the sources she used to analyze the precept ‘Shun trading’. About the moral taboo placed on trading she notes that it is:

\begin{itemize}
  \item \textsuperscript{198} According to the notes on this chapter the discussion of early commercial fraud using weights and measures in the second paragraph on page 34 comes from a book by Stuart Piggott called \textit{Prehistoric India}. The note is on page 219.
  \item \textsuperscript{199} The notes on this chapter indicate that the source behind the mention of ancient Egyptians commissioning letters of recommendation to the gods on page 34 comes from \textit{The Book of the Dead: Papyri of Nai, Hunefer, Anhai} by Evelyn Rossiter. The note is on page 219.
  \item \textsuperscript{200} Jacobs mentions ancient Greece on pages 35, 38-39 and the more recent mention is on page 34-35 and is taken from John G Bennett’s autobiography \textit{Witness}. This info is from the notes on page 219.
  \item \textsuperscript{201} This refers to her mention of the British navy on page 33, the sociological work of Norbert Elias on the French courts referred to on pages 36 and 41, the mention of the Custom of Merchants on pages 37 and 39, the references to Rousseau, Paine and the Magna Carta on page 40, the reference to the Fuggers on page 43 and lastly the references to the practices and history of the Christian church in Europe on pages 47 and 48
  \item \textsuperscript{202} According to the notes on page 219 Jacobs is referring to Slater’s \textit{African Odyssey: An Anthropological Adventure}. The discussion of Slater’s work takes place on pages 35-36.
  \item \textsuperscript{203} Jacobs refers to this on page 62 and in the notes on page 221.
  \item \textsuperscript{204} Jacobs refers to this on page 63.
  \item \textsuperscript{205} Jacobs mentions this in her text on pages 67-68 and says in the notes on page 222 that her original source came from an article in the \textit{Globe and Mail} on July 25, 1987.
  \item \textsuperscript{206} Jacobs discusses three groups on pages 70-71 and gives her sources for the three in the notes on page 222.
  \item \textsuperscript{207} Jacobs talks about Machiavelli on pages 68 and 72 and says in the notes on page 222 that she used a 1981 edition of the \textit{The Prince} translated, edited and introduced by Daniel Donne.
\end{itemize}
Not a quint and passing fancy of medieval chivalry, either. A widespread attitude. So tenacious. As recently as the early nineteenth century a Polish aristocrat who dared meddle in trade was supposed to lose his rank and the landholdings and privileges that went with it. Same rule and the same penalty held at the same time in Japan; independently arrived at, mind you, because Japan was closed to foreign ideas at the time and always had been except for ancient cultural acquisitions from China and Korea.208

In sum, it seems fair to say that Jacobs was at least not guided by western or capitalist bias in terms of the sources selected and the disciplines drawn on.

4.2 – Are Jacobs’ concepts too western to give us universal truths?

The second sense in which Jacobs’ theory may be overly Eurocentric is that she is using concepts that derive from a specifically European context to understand the phenomena she considers and wrongly believes these concepts to be universal ones. Although it is possible that both the commercial and guardian syndromes were influenced in this way, I will concentrate here on the question of universality concerning the commercial syndrome, because the main example which I analyzed in the previous chapter falls mostly within the realm of that syndrome. Theoretical justification for this second sense could come from multiple sources but, in this instance, we will turn to the thought of Karl Marx. Marx articulates a theory of material determinism commonly referred to as his theory of base and superstructure. In the preface to his A Contribution to the Critique of Political Economy, Marx succinctly lays out this theory:

In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic

\[208\] Jane Jacobs, Systems of Survival, Page 57.
structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness.209

Marx is arguing that the relationships between people that occur as a result of how a society’s economy is organized, the relationship between serfs and lords for instance or wage labourers and capitalists, are the base or ground upon which the social, legal, political and intellectual superstructure is constructed. The most important part of this theory, for our purposes at least, is that the relations of production that form the base necessarily determine the type of superstructure that is constructed upon it. This would mean that if one had what we might call capitalist relations of production forming the base then we will necessarily get a capitalist intellectual, political and social superstructure. However, if one had different relations of production forming the base, feudal, socialist or even communist for example, then a fundamentally different superstructure would emerge.

Marx believed that in their hubris western and capitalist thinkers, entrepreneurs and politicians believed that their social arrangements, marked by the centrality of the market, indicated something universal about how people behaved based on how they made decisions in the market. Marx aimed his critique at the classical school of economic thought. Today this school is universally considered inadequate and is not directly relevant to Jacobs because she bases the commercial syndrome on a combination of

concepts grounded in modern neoclassical economic theory and economic sociology and anthropology. Yet, Marx’s general critique of universal ideals is still a problem for Jacobs due to the worry that she could have mistakenly claimed universality for the values that compose the commercial syndrome because her methods of understanding and conveying the syndrome have been shaped by a superstructure built on capitalist relations of production. As such, it is possible that the commercial syndrome is still very much a product of that superstructure and thus has no more claim to universality than the theories of the classical economists.

Jacobs might respond to this objection by referring to her distinction between different types of social knowledge in an attempt to resolve the tension between the empirical evidence of vast variation between human cultures and her claim that all human cultures share certain universal forms of morality. In order to make this distinction, Jacobs turns to Julian S. Huxley’s technical term: mentifact. Huxley describes mentifacts as: “mental constructions which provide the psychological framework of a culture and carry out intellectual, aesthetic, spiritual, ethical or other psychological functions”.210 Jacobs believes that her theory articulates a form of knowledge, specifically ethical knowledge, which is distinct from the other types of knowledge Huxley referred to with ‘mentifacts’. To reflect this, Jacobs refers to this type of knowledge by a new term: ethifacts.211

Jacobs believes that mentifacts can safely vary to a great extent while ethifacts cannot. For example, while many different cultures have their own technology, languages

211 Jane Jacobs, Systems of Survival, Pages 102 and 136.
or particular social conventions, such as styles of dress, Jacobs would contend that in many cases it is possible for these types of cultural artifacts and conventions to vary slightly, or even greatly, without any change to the moral status of those conventions. On the other hand, Jacobs would argue that it is a common feature across societies that honesty is generally considered a laudable trait, especially in trade, or that disloyalty is frowned upon, especially in government and the armed forces. She would say that we cannot change these types of conventions, which she believes are captured by her precepts in either syndrome, without a dramatic shift in the moral nature of the behaviours in question which reflects the basic claim of the LISC. Furthermore, Jacobs believes that the precepts which make up the syndromes represent simple, even banal, moral concepts on their own. These basic moral concepts, like honesty or loyalty, are so simple and straightforward that it seems extremely unlikely that Jacobs would fail to recognize these behaviours in another culture. If we can find these simple moral concepts in other cultures, which Jacobs’ aforementioned evidence for the two syndromes establishes that we can, and we can be reasonably certain that we can accurately identify these precepts due to their simplicity then it does not seem accurate to claim that the values Jacobs believes to be universal, in the sense that both syndromes can be found across cultures, are in fact merely native to the superstructure borne of the capitalist relations of production inherent to her society.

4.3 – Is Jacobs’ theory too individualistic?

Even if the precepts and their syndromes can be accurately described as universally occurring, it is still possible that other aspects of Jacobs’ theory are infused with values from her culture in a way that threatens her claims to universality. For
example, it is possible that the individualism so integral to western capitalism could have affected the very basis of Jacobs’ moral philosophy. On this view, the very concept of making a living is necessarily individualistic because of its focus on how methods employed to that end bring resources to an individual or group. This critique would ask why it is more important to start with the concept of how people make a living as opposed to taking a broader perspective that tries to determine the best way in which everyone concerned can ‘get a living’ regardless of whether or not they make that living for themselves.

In response, it is important to note that Jacobs’ exclusion of sharing as a method of making a living should not be interpreted as indicating a perspective that places a low value on the practice. Jacobs would argue that sharing, and altruism in general, are important and perhaps even necessary practices for the moral functioning of any society. Her contention regarding taking and trading is merely a claim that the stuff of life can only effectively be gathered by one of those two methods. The claim places no individualistic restrictions on what people can do with the material once they have it. For evidence of this claim we can turn to a discussion of how Jacobs’ theory fits into the formalist vs. substantivist debate that took place in economic anthropology during the 1960s and 1970s. In short, this debate was over whether or not it was possible to extend the models of economic behaviour developed by the dominant, then and still today, neoclassical school of economic theory to non-western and non-capitalist types of economy. The spark that ignited the debate is generally thought to have been the work of Karl Polanyi on the subject in the 1940s and the 1950s. Particular emphasis is placed on Polanyi’s *The Great Transformation* in which he laid out his arguments for the social
embeddedness of pre-market economies due to the frequency with which those
economies, which were based largely on reciprocity and redistribution as opposed to
market exchange, were embedded in other political and social institutions. Polanyi
argued that this meant that these types of economies could not be analyzed using the neo-
classical economic models because those models assumed the dis-embeddedness of the
economy which Polanyi believed was exemplified by capitalist social and economic
arrangements.

In this debate, the substantivists can roughly be understood as siding with Polanyi
in the sense that they charged that the neoclassical models contained within them
assumptions that, while sensible if one were looking at a market-based capitalist
economy, would be unrealistic if one looked at economies based on sharing resources,
such as the redistribution and reciprocity models. The formalists disagreed and asserted
that these models, and the assumptions underlying them, could effectively be modified,
without losing their identity, to account for the differences in participant priorities evident
in non-capitalist non-market based economies. This is encapsulated by the following brief
summary of the debate:

From its inception, knowledge production in economic anthropology has been
both stimulated and bedeviled by ‘scientific’ economic thought…The
bedevilment was a consequence of Eurocentrism, typically expressed around the
issue of rationality and irrationality in economic performance as determined
through the application of the textbook model of economic man as a self-
interested rational calculator. This has occurred despite the ethnographic record
showing that beyond the operational centers of capitalist civilization, even in their
own rural hinterlands, *Homo sapiens* was situationally prone to rational, quasi-
rational, or irrational behavior with differential outcomes regarding economic performance.  

Jacobs would likely agree with the substantivists in so far as they argued that assuming people were necessarily self-interested utility maximizers acting as though their economic decisions are being made under conditions of scarcity is not necessarily accurate outside of market economies. In other words, Jacobs does not, like the formalists, give the commercial syndrome a monopoly on the term ‘economic’.

The best example of this is that the economic types that the substantivists argued were resistant to neoclassical economic analysis, specifically those based on reciprocity and redistribution, can be accounted for by Jacobs’ guardian syndrome. Hunter-gatherer societies, societies based on subsistence horticulture or larger chiefdoms that bring resources into a central hub from which they are to be distributed all display the guardian precept of ‘Dispense largesse’. If we recall, the definition of the precept was to influence individuals through material means. It is true that this covers the use of gifts to manipulate people into doing what would selfishly benefit the gift giver. But, it is also true that this precept can covers the many resource sharing arrangements of reciprocity and redistribution based economies. This can be achieved by “Dispense largesse” having the manipulative aspects of its use restrained by “Be loyal” and “Treasure honor”. If giving out resources is a usual guardian activity, as the largesse precept assumes, and if the moral demand to maintain one’s honour sets obligations while loyalty gives the sense that those obligations are to look out for the best interest of the group, at one’s own expense if necessary, then giving under these conditions could very well be simply meant

to foster good will among members or to ensure that the obligation to take care of all members is met.

This is in contradistinction to the commercial syndrome which encapsulates the motivations of utility-maximizing individuals who are seeking to meet their preferences as efficiently as possible within the constraints placed upon them by their budget and the price of commodities. One would need to look no further than precepts like ‘Be efficient’, ‘Invest for productive purposes’ and ‘Be thrifty’ in order to find values lauding the types of behaviour represented by the assumptions of the neoclassical model. That being said, Jacobs believes that the commercial syndrome presents us with a set of values that encourage the pursuit of self-interest within certain constraints. These restraints are encapsulated by the precepts demanding that traders ‘Be honest’, ‘Shun force’, ‘Collaborate easily with strangers and aliens’ and, most importantly, ‘Come to voluntary agreements’. Following these precepts eliminates the possibility of participants in a market economy heedlessly pursuing their economic self-interest at all costs while remaining an ethical market participant.

4.4 – How symbiosis can allow for altruism

Economies based on the commercial syndrome seem to be superior to sharing/guardian-based economic arrangements in their capacity to accumulate material goods. Yet, it seems clear that market-based economies, even ethical ones, are inferior to sharing/guardian economies when it comes to the capacity to ensure a fair distribution of those material goods. Even if market participants are discouraged from actively preying on other participants by the precepts in the first commercial cluster, they lack the precepts and the structural motivations inherent in sharing/guardian-based economies that
encourage them to take responsibility for other members of the group. Jacobs’ LISC is clear that we cannot overcome these weaknesses inherent in either approach through the creation of a hybrid syndrome that can incorporate the strengths of both while eliminating their weaknesses. But, Jacobs does believe that it is possible to adopt societal arrangements that are symbiotic in nature and thus can provide ample leeway for altruistic behaviour that is not constrained by the idiosyncrasies of either syndrome but will not devolve into intractable systemic corruption.

Jacobs believes that two strategies have been utilized at the societal level to avoid both accidental and intentional hybridizing of the syndromes. Jacobs calls one strategy the ‘caste method’ and the other the ‘knowledgeable flexibility’ method. She claims that the caste method: “can suitably and fruitfully segregate guardian and commercial work for a time”. 213 The method achieves this by diligently corralling people into a specific type of work at a young age and rarely, if ever, allowing them to change from commerce to guardianship or vice versa. Jacobs offers Plato’s vision in the Republic as an idealized and ancient example. Empirical examples Jacobs considers include the historical feudal arrangements of Japan and Europe and the caste system in India. 214 This arrangement allows traders to provide the stuff of life for everyone in the society and enables the guardians to protect the society from internal and external threats while keeping a gap between them to prevent hybridization.

Ultimately, Jacobs rejects the caste method as the best choice on the grounds that it is not adaptive enough in the long term. 215 In caste arrangements, guardians are

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213 Jane Jacobs, Systems of Survival, Pages 196-197.
214 Ibid., Page 181.
generally in control because of their monopoly on force. This privileged position tends to imbue guardian work and values with a sense of social and moral superiority. Jacobs believes that cultivating this belief across generations, in addition to allowing very little occupational crossover, leads to dangerous levels of social ignorance. She describes caste arrangements as historic snapshots and notes that, “people eventually get fed up beyond toleration with the old snapshots, and the oppressions, injustice, incompetence, and stultification their very obsolescence imposes”.\textsuperscript{216} Lastly, the perception of guardians as socially superior may also lead those commercial people successful enough to climb to the top of the social ladder to adopt guardian values and habits. However, this usually means jettisoning the values that made them commercially successful in the first place while still maintaining control of potentially very large and influential businesses.\textsuperscript{217} These individuals are likely to violate the LISC which the caste method, because of the lack of adaptability borne of its static nature, will be less likely to be able to recover from.

Due to the weaknesses of the caste method, Jacobs believes that cultivating ‘knowledgeable flexibility’ is the superior form of social arrangement. She describes this method as relying on a knowledgeable understanding of both syndromes and the moral flexibility to switch between the two. Jacobs believes that encouraging this kind of moral flexibility is what gives this approach the dynamism to overcome the major stumbling block of the caste method. Yet, she acknowledges that it overcomes this problem at the expense of being more vulnerable to breaches of the LISC:

\textsuperscript{216} Ibid., Page 193.
\textsuperscript{217} Ibid., Page 195.
it makes greater demands on individuals’ moral understanding. Kate, you said early on that you thought the master virtue, if there is one, is cooperation, because we’re social animals…but cooperation is another two-edged sword. Cooperation turns rancid when it becomes cooperation with immorality or with inappropriate functions and values.\(^{218}\)

Knowledgeable flexibility, by dispensing with strict castes and placing more emphasis on cooperation between individuals, is vulnerable because of how easy it is for people to simply not be as knowledgeable as they need to be for the system to function. This is because the cooperation between people of different occupations is far more common under this type of social arrangement, which means there is simply more opportunity for people to pick up inappropriate values, resulting in a breach in the integrity of the moral syndrome appropriate to their current type of work.

Yet, Jacobs’ proposed solution to this weakness is to encourage people to be as knowledgeable and morally flexible as possible.\(^{219}\) Under a social arrangement that is based on knowledgeable flexibility there will necessarily be people who are quite adept in their understanding of the values of both syndromes and how to maintain the syndromes’ integrity. These individuals allow the knowledgeable flexibility model to have individuals adept at the accumulation of material goods that the commercial syndrome is so useful for who are not trained by the rigidities of caste to be resistant to ensuring a fair distribution of those material goods as encouraged by the guardian syndrome. Within this arrangement there is no reason why a wealthy merchant or entrepreneur could not see the logic behind paying a high tax rate for the purpose of elevating the less fortunate members of their society out of poverty even though such a

\(^{219}\) More about this method is said in the final chapter.
suggestion runs against the precepts in the commercial syndrome that encourage the maximization and optimization of individual economic self-interest. On the reverse side of things, there is also no reason why a bureaucrat or elected official tasked with setting tax policy could not understand that certain levels of taxation, while beneficial to the government, place an unnecessary stranglehold on commercial people. In essence, when this arrangement is successfully executed it enables participants to see that the values that they utilize in their method of making a living, while incredibly important for that purpose, are not applicable outside of that type of work and thus are not going to be useful to people tackling different problems and different kinds of work. In sum, having people understand the idiosyncrasies of both syndromes and allowing them to gain practical experience by working under both if they so choose can have the effect of allowing altruism and understanding to enter into social arrangements while avoiding hybridization if the necessary moral understanding and flexibility are appropriately cultivated.

Chapter 5: The Possession of Moral Knowledge Matters

5.1 – People value morality but do they value moral action?
In the introduction we discussed how Jacobs posited moral education as an addition to the Hobbesian prescription of fear intended to prevent unrestrained self-interest from breaking down societies from within. Jacobs believes that the social and historical reality of the syndromes, established by the evidence of their universality and the theoretical effectiveness of the LISC, is essential to ensuring that moral education is able to serve the purpose of making up for the weaknesses of fear when it comes to holding societies together. To reiterate, Jacobs says that,

only organizational self-examination – based on adhering to whichever is the appropriate syndrome for its work – can forestall clever and novel malfeasance, nip it in the bud before it becomes well rooted as it waits for the law to catch up – if it ever does.\textsuperscript{220}

Organizations in which members act as their own guardians, whether that means policing themselves or calling out the bad behaviour of their co-workers, are the most effective at enforcing moral standards especially when faced with novel wrongdoing. Jacobs believes that they are far more effective at ensuring moral behaviour than those which rely on the fear of punishment alone. However, in order for this to happen, people must be morally educated and the content of that education must include moral knowledge that has a claim to objectivity. It is unlikely that people will internalize and defend the moral standards they are being taught if those standards can easily be discarded as subjective or counter-productive.

While Jacobs’ belief in the importance of moral education is likely correct, it is unclear whether merely being taught the appropriate morality for their line of work is enough to motivate people to act morally and to encourage others to do so. Jacobs

\textsuperscript{220} Jane Jacobs, \textit{Systems of Survival}, Page 204.
believes that people can indeed be motivated to carry out moral acts by moral ideals. She appeals to the idea that most individuals hold morality in high regard: “many people – perhaps most people – given the choice and chance, prefer not to be corrupt and dislike seeing their organizations and society go rotten. The alternative to that faith is despair”. Jacobs cites several examples in her penultimate chapter to support her claims. The most compelling of her examples is a poll taken of Canadian office workers that indicated that 80% thought it very important that management be honest and ethical while only 36% thought it clearly evident that behaviour in their companies was in fact honest and ethical. The largest reported dissatisfaction was with bad ethics.

To support of the first statistic that Jacobs cites we can turn to a study conducted by psychologists Ben Tappin and Ryan McKay. Tappin and McKay were seeking to measure the impact of self-enhancement, or the ‘better than average effect’ (BTAE). The BTAE refers to the tendency of people to rate themselves as above average when they self-report. The question Tappin and McKay sought to answer was the degree to which people would enhance their perception of their moral worth compared to what they saw as the average. They found that almost every participant rated themselves as better than average on traits that they believed to be moral. Because it is not mathematically possible for almost everyone to actually be better than the average, the experimenters reasoned that at least some of the participants were enhancing their moral self-image beyond what reality likely justified. The experimenters found that when it came to questions of moral

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222 Ibid., Page 203 and Page 233.
worth the effects of self-enhancement were even greater than other domains of self-enhancement that had been tested in the past.\textsuperscript{223}

A similar study, conducted by Sedikides et al. could be offered as further evidence for Jacobs’ claim. This study tested the impact of self-enhancement on moral self-perception among inmates in and English prison. Corroborating the results of Tappin and McKay’s experiment, the inmates consistently rated themselves as more moral than the average inmate on a number of traits. However, the most surprising result was that inmates also rated themselves as more moral than the average non-incarcerated member of the community.\textsuperscript{224}

5.2 – Batson et al.’s experiments

From the experiments cited above one could draw support for the conclusion that most people seem to value being moral for its own sake. However, one might also draw the conclusion that people merely value the ability to perceive themselves as moral and to have others see them as such. For instance, the fact that inmates would rate themselves as more moral than the average non-inmate could be taken as support for the second conclusion. In other words, the experiment conducted by Sedikides et al. could be viewed as offering evidence that people may go so far as to deceive themselves to maintain a positive self-perception. The second statistic that Jacobs cites, that only 36% of respondents thought it clearly evident that behaviour in their companies was actually honest and ethical, also seems to support the second interpretation. If people state that they value morality but their behaviour is decidedly immoral then it seems that the ability


\textsuperscript{224} Sedikides et al. “Behind bars but above the bar: Prisoners consider themselves more prosocial than non-prisoners”, \textit{British Journal of Social Psychology}, Vol. 53, No. 2, June 2014.
to justify their behaviour and maintain their self-perception as moral takes priority over actual moral behaviour. Thus, the important question is not whether people value what is moral over what is corrupt. Rather, the question is whether valuing moral ideals is enough to motivate people to police their own actions and to use their privileged position of being so close to the potential source of novel malfeasance to police the actions of others in their institutions.

C. Daniel Batson et al., after decades conducting several studies and publishing articles on the above question, have concluded that: “those with a greater sense of moral responsibility did not show signs of greater moral integrity; they showed signs of greater hypocrisy”.225 In other words, Batson and his colleagues believe that their experiments establish that ordinary people will generally act against their proclaimed moral principles when they can reap the benefits of moral behaviour without paying the associated costs.

Firstly, here is Batson and Thompson’s definition of moral hypocrisy:

It is often assumed that moral individuals want to be moral, to display *moral integrity*. But our research suggests that at least some individuals want to appear moral while, if possible, avoid the cost of actually being moral. We call this motive *moral hypocrisy*.226

It is worth noting that in the literature on ‘moral hypocrisy’, the term is sometimes used to refer to phenomena other than what Batson and Thompson have in mind here. This wide usage of the term is why psychologist Jesse Graham, when reviewing the most

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prevailing types of moral hypocrisy studied, refers to the behaviour Batson and Thompson
describe using the more specific term ‘moral duplicity’:

The hypocrisy is essentially interpersonal, as it involves deceptive public claims
or displays of morality (whether they involve putting on airs of compassion,
fairness, loyalty, obedience, chastity, honesty, or other moral values), with the
ultimate end of appearing moral while benefitting the self.227

An individual who will violate social norms of honesty and deceive about their intentions
when they can get away with it sounds very much like the individual that Hobbes
described as a fool. In other words, if Batson et al. are correct then they will have
provided strong support for Hobbes’ view that human nature is essentially self-interest
driven. To reiterate, if Hobbes’ view is correct then only fear, not moral education, can
effectively produce pro-social behaviour.

Batson et al.’s central study is generally considered to be the second study
reported in their 1997 paper.228 Participants were placed in a zero sum dilemma in a
laboratory setting. They were given a sheet of paper that described two tasks. One was
preferable because it was simple and rewarded the person who undertook it while the
other was not preferable because it was described as difficult and boring. The participants
were asked to assign themselves and another person, who was in fact fictional, to one of
these two tasks. They were told that the other person would never meet them and would
be led to believe that the tasks were assigned by chance.229 They were also told that:
“Most participants feel that giving both people an equal chance – by, for example,

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227 Jesse Graham et al., “When Values and Behavior Conflict: Moral Pluralism and Intrapersonal Moral
228 Batson et al., “In a Very Different Voice: Unmasking Moral Hypocrisy”, Journal of Personality and Social
Psychology, Vol. 72, No. 6, 1997, Pages 1341-1372.
229 Ibid., Pages 1339 and 1341.
flipping a coin – is the fairest way to assign themselves and the other participant to the tasks”. As such, the participants were offered a coin to flip if they were inclined to heed this advice. The experimenters allowed the participants to flip the coin alone. This was meant to introduce ambiguity about how the result of the flip was reached and whether or not it was abided by. This ambiguity allowed the participants to cheat by looking like they flipped the coin, and thus publically looking like they opted to be fair, while simply choosing the result that favoured them. In other words, the participants were given the opportunity to choose between actually behaving morally or appearing to behave morally while deceptively manipulating the situation to their own benefit with no risk of getting caught.

In 2001, Batson and Thompson reviewed the literature they had published on the topic and indicated that the results of the coin flip variation of the experiment tended to follow a pattern of roughly half the participants opting to flip the coin and half choosing to assign the tasks without the coin. Of those who chose not to flip, 80-90% simply gave the positive task to themselves. The results among those who did flip the coin followed a similar pattern with about 85-90% assigning themselves to the positive task. Because the percentage was so much higher than the 50% expected if participants were honestly flipping the coin and abiding by the result, the experimenters reasoned that it was unlikely that the coin was being extremely kind and that this was evidence that a portion of the participants assigned themselves to the positive task even when the coin flip went against them.

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Participants were asked to rate the morality of their choices. On average, those who flipped the coin rated their choice as more moral, 7.30 out of 9, than those who did not flip, 4.00 out of 9. Watson et al., in their review of the Batson experiments, state that it is a common belief in moral psychology that, “a person with higher cognitive moral development (CMD) is less likely to act egoistically and more likely to consider the impact of his or her actions on the welfare of others”. Yet, as Watson and Sheikh point out, based on the various assessments of the participant’s moral reasoning conducted in sessions prior to the experiment:

Batson et al. noted that there were no differences in the moral reasoning scores between those that assigned themselves and those that assigned the other person to the preferred task, indicating that those that scored higher on moral reasoning were actually more hypocritical – wanting to appear moral but not wanting to pay the costs, by taking the dull assignment, of being moral.

In other words, the data from the experiment indicated that a high score on any of the types of moral reasoning assessed did not seem to predict fairness, let alone altruism. People who scored highly on these metrics of moral reasoning were just as likely to intentionally choose not to abide by the results of the coin flip as those who had low scores.

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236 The types of measures used are listed in George W. Watson, Bruce T. Teague and Steven D. Papamarcos, “Moral Hypocrisy: A Matter of Measures?”, Page 373.
5.3 – Self-reporting bias confounding the results

One possible explanation of the two self-enhancement studies discussed above is that people describe themselves as better than average because they want to present themselves in the best possible light. If people possess a psychological need for high self-esteem and moral behaviour is considered laudable then the ability to view themselves as moral would be essential to meeting that need. However, as these experiments pointed out, this desire can bias a participant’s self-assessment. After reviewing the evidence presented by Batson et al., Watson et al. believe that: “In particular, there is the problem that people want to present themselves in the most favourable light possible…we expect such bias is a factor in the findings of Batson et al.” They elaborate on their assessment in the following:

For example, when a subject is asked whether he or she considers ‘what is most just’ when attempting to resolve complex social dilemmas, we think most subjects would respond ‘of course’. Similarly, when asking respondents whether they ‘consider how what they do will help or hurt others’ most subjects would also respond ‘of course!’ Ironically, it is precisely this inclination for their subjects to respond positively to these measures of justice and caring, but not to behave in accordance with them, that Batson and his colleagues have referred to as ‘moral hypocrisy.’ In other words, we assert that, in the Batson studies, social desirability response bias to moral and ethical questions has been equated to moral hypocrisy.

Watson et al. believe that those individuals who likely cheated the coin flip while also scoring highly on the various metrics of moral reasoning can have their moral reasoning

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238 Ibid.
scores better explained by response bias than by the idea that they are intentionally trying to deceive others. Lastly, Watson et al. believe that by employing the Defining Issues Test (DIT) they can discern which individuals’ responses about how much they value things like fairness reflect whether they actually do value these things or whether they are simply giving the answer that is expected of them.239

Watson et al. conducted their own version of the Batson experiments in order to test their hypothesis that response biases were confounding the results. There were two deviations from Batson’s central experiment. Firstly, in addition to the metrics of moral reasoning employed by Batson et al., Watson et al. also employed the DIT to determine if a different measure of moral reasoning could in fact predict whether the participants would act in accordance with the moral standards they claimed to value. Secondly, instead of a coin, Watson et al. asked the participants to use a computer program if they wished to fairly make the task assignments. The participants were led to believe that the program would randomly assign the tasks when in fact it always gave the positive task to the fictitious participant. Furthermore, the program would record which participants had used the computer. Because Watson et al. could compare this to the participant’s self-reports of computer use, and because the outcome was fixed, they would have a much clearer idea of which participants intentionally ignored the computer’s result while reporting that they had followed it.

Watson et al.’s results were proportionally similar to the Batson experiments with 68 of the 86 participants, 71%, who were retained in the final result assigning themselves to the positive task. 28 of the 86 participants, 29%, assigned the other person to the positive task. 28 of the 86 participants, 29%, assigned the other person to the

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positive task. Watson et al. found that those who scored high in measures of justice, caring and social responsibility also scored high in desiring and valuing moral approbation from others. By contrast, those whose DIT score indicated a high level of moral reasoning were more likely to assign the positive task to the other person.

Watson et al. summarized the results of their experiments in the following way:

Is this gap between what is self-reported for one’s moral position and behavioural outcomes moral hypocrisy? We don’t believe it is. As Batson et al. remarked: moral hypocrisy is the ‘…motivation to appear moral yet, if possible, avoid the cost of being moral.’ A more specific reading would be that, hypocrisy is the intentional creation of a false public appearance that one abides by desirable and widely approved beliefs, values, and principles in order to advance one’s self interest. A response bias, on the other hand, is a cognitive reaction to protect one’s self or public image through positively responding to queries that may threaten the ego. The former is a conscious and deliberate act of deception but the latter is an automatic cognitive reaction in defense of the ego.

Watson et al. believe that the data of their experiment shows that participants seemed to not be hypocrites at all because the measures used to assess their moral beliefs did not actually reflect what those beliefs were. Watson et al. propose that the reason for these responses was not to intentionally deceive for the sake of furthering their self-interest but merely to defend their ego against the damage a negative response to the types of questions they were asked would cause to their positive self-image. On this interpretation, it is possible that people who are made aware of their seemingly hypocritical automatic

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241 Ibid., Pages 379-380.
242 Ibid., Page 382.
response, if made aware of that response, would be more likely to ensure that they actually behaved morally, especially in light of the self-enhancement studies cited above.

In her more philosophical assessment, Maureen Sie reaches much the same conclusion as Watson et al.: “Batson and his colleagues show us that articulating a principle ‘as moral’ suffices to influence people substantially even if they do not and should not accept that principle in their everyday practices”. Furthermore, Sie cites social psychological findings that indicate that, “asking people their intensions in moral choice situations triggers ‘idealized’ answers, answers about what they would do in an ideal world”. Based on these considerations, Sie believes that people do not generally give intentionally deceptive self-reports. Rather, she draws on a large body of scientific literature in the behavioural, cognitive and neurosciences, “that converge on the finding that our actions are, more often than we thought, triggered automatically and performed without conscious control”. To be clear, Sie does not believe that we lack moral agency but rather that sometimes we respond to situations, even moral ones, with pre-formed automatic responses. In sum, Sie would concur with Watson et al. that a better way to explain Batson et al’s experimental data is to say that the participants’ responses to the questions intended to measure their level of moral reasoning were automatic moral answers. Thus, the participants were not intentionally stating what they thought would fool people into believing they would behave morally but instead was a response similar

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244 Ibid.

to a reflex that is not necessarily reflective of the amount that they actually value the moral traits being asked about.

5.4 – The importance of considering context

If we were to analyze the results in reference to Jacobs’ statistical evidence above keen observers will note that while Watson et al.’s experiment dispels the idea that we know for certain that people are intentionally being morally duplicitous it does not explain the second statistic that Jacobs cited, specifically why people seem to say that they value morality but that this valuation does not translate into moral action.

While Batson no longer seems justified in claiming that participants are generally trying to actively deceive others about the level of their moral behaviour, why so many opted to take the positive task for themselves still requires explanation. In other words, the results from the experiments run by both Batson et al. and Watson et al. do not bode well for the prevalence of traits such as fairness and altruism which are generally considered moral. Watson and Sheikh addressed this problem in their 2008 article on Batson’s experiments. They argue that moral decisions are made according to context and thus changes in context can change the principle informing a person’s moral decisions. They argue that if this view is true then:

it is possible that the behaviors of an individual may appear to be morally inconsistent internally, but it would be erroneous to discern this as moral hypocrisy. There are contexts where the action set conforming to normative self-interest will stand out from the action set prescribed by selfishness; and in those contexts we are more likely to witness behaviors in conformity with moral normative stipulations. In addition, there are contexts where the available action sets as they pertain to selfishness and normative self-interest coalesce to appear as one and any actions selected can appear to be at variance with a moral
prescription (e.g., lying to save one’s life). This then cannot stand as clear evidence that indeed the individual is immoral.246

Watson and Sheikh are arguing that the fact that many people chose to give the positive task to themselves does not constitute a good reason to believe that people are primarily self-interest driven to the detriment of morality:

the opposition between morality and self-interest may not be as frequently encountered as previously asserted, and that in most cases there are mediating social norms that resolve the opposition, just as the previously cited social norm that proclaims killing for self-gain as immoral but killing to save life is not. Consequently, we suggest that norm of ‘fairness’, especially in regard to sharing benefits, assumes distributive opportunity, in the absence of which self-interest may be perceived permissible.247

In other words, Watson and Sheikh believe that in a context like Batson et al.’s experimental condition, the participants met the demands of the situation in a morally acceptable way by choosing to assign the positive task to themselves when they had no other option.

Sie also criticizes the Batson experiments for ignoring context. She argues that what she calls the equal consideration principle (ECP), the idea that both participants ought to have an equal chance at the positive task, is not the appropriate moral standard in a scenario like Batson’s experimental condition. To support this claim, Sie employs a series of thought experiments. Firstly, she asks us to consider a scenario in which a person’s groceries have fallen on the sidewalk and two strangers kneel down

247 Ibid.
simultaneously to help pick them up. While kneeling down, both helpful strangers, at roughly the same time, spot a valuable looking bracelet lying on the ground. Both of these strangers notice that the other person has also seen the bracelet. Sie says that in this scenario if either stranger simply took the bracelet the situation would quickly become awkward because such an action fails to acknowledge the obvious fact that both individuals are in an equal position and thus have an equal claim to the bracelet. Sie explains further:

The equal claim to the object derives from the fact that both of you are in exactly the same position and cannot plausibly deny that this is the case. It seems that capturing another person’s gaze plays an important role in our everyday competition for, for example, empty tables in a restaurant or parking spots. Looking straight into one another’s eyes makes it difficult for us to deny being in exactly the same position with respect to the desired object (table, parking lot).

Assuming that it is not obvious that the bracelet belongs to some third party, in Sie’s scenario the two helpful and sharp-eyed individuals are unambiguously in an equal position to lay claim to the bracelet because they each have an equal basis for claiming the bracelet because they noticed it at the same time.

Sie’s intention is to illustrate how situations that are like her thought experiment are different from Batson et al.’s various experimental conditions in a simple, but fundamental, way that makes ECP no longer relevant. Sie believes that the difference is that in her thought experiment the two helpful strangers were in an equal position whereas in the experimental conditions the actual and fictitious participants are not. To

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249 Ibid.
demonstrate the effects of the relevant difference, Sie asks us to consider other thought experiments which she believes to be more like Batson et al.’s experimental condition. The thought experiment Sie employs, which she aptly calls the ‘dissimilar position’ scenario, illustrates her point effectively. In the dissimilar position scenario, one person kneels to help pick up the groceries and spots the bracelet first while the second person arrives at the scene later. Sie’s main point is that it is clear to us as observers which stranger is in a superior position when it comes to claiming the bracelet. The person who arrived first at the scene was the one lucky enough to have spotted the bracelet first: “When I kneel down to help someone and see a nice bracelet, I am under no obligation to share my good luck with people arriving at the scene a moment later”.250 Once again, if we assume that the bracelet does not obviously belong to a third party, then anyone who arrived at the scene and spotted the bracelet after the first person is in a much weaker position to claim it than the person who arrived and spotted it first.

Sie equates the position of the actual participant in Batson’s experimental condition with the position of the individual lucky enough to spot the bracelet first in the dissimilar position thought experiment. Sie acknowledges that there are elements of the Batson et al’s experiment that indicate that the actual and fictitious participants might be in an equal position:

The fact that the experimenters raise a question about the most fair thing to do or in subsequent experiments communicate ECP suggests to the participants that the other participant is in an equal position. After all, why would fairness or ECP matter when the other is not in an equal position? 251

251 Ibid., Pages 228-229.
However, other conditions of the experiment suggest that the participants are not in an equal position. We are told that the actual participants are assured that they will not meet the fictitious participants. Furthermore, it is noted time and again that the fictitious participants will not know how the tasks were assigned. Most importantly, the experimenters clearly give the actual participant the authority to decide the task assignments. Based on these considerations, it seems that the actual participant is in the superior position of being the individual lucky enough to be granted the privilege by the experimenters of deciding the task assignments. This asymmetry of authority is what Sie believes justifies her claim that the two participants are in an unequal position just like the two helpful strangers in her dissimilar position thought experiment. This, in turn, is what Sie thinks justifies her belief that fairness is not the appropriate moral standard in either the dissimilar position thought experiment or the Batson et al’s experimental condition.

Watson and Sheikh conducted another replication of Batson et al’s 1997 experiment to test their hypothesis that context, and not the singular drive to pursue self-interest, could explain why so many individuals opted to assign the positive task to themselves. The experimental condition was the same as Batson et al’s with the exception that instead of making only one task assignment the participants were asked to make two. Of the 136 participants 92 assigned at least one of the positive tasks to the other person. Watson et al. give their interpretation of this result in the following:

In our example a significant majority allocated those resources fairly, and we have attributed that to the having the opportunity for doing so without having to

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sacrifice one’s normative self-interest. This suggests that ethical decisions are in part a function of what alternatives are available and how those alternatives satisfy multiple or competing interests.253

Furthermore, Watson and Sheikh sought to measure the participant’s individualist and collectivist tendencies as well as how much they were willing to accept differences in social status and authority. They found that the more individualistic a participant was and the less a participant was willing to accept that others could have legitimate authority over them the more likely they were to make the selfish task assignment choice of assigning both positive tasks to themselves.

Cynics and sceptics about moral behaviour often like to posit the hypothetical that if individuals are given a chance to behave selfishly, free of the constraints of fear, moral considerations will not be able to hold back their true selfish nature. Hobbes clearly feared that this was true and his political philosophy met that fear with fear accordingly. However, the work of Sie and Watson et al. seems to have provided a good reason to believe that Jacobs’ opposing hypothetical is true: “many people – perhaps most people – given the choice and chance, prefer not to be corrupt and dislike seeing their organizations and society go rotten”.254 While it is true that we do not have reason to believe that everyone can be motivated by moral principles it seems that the majority of people value the collective and distain selfish individualism enough that fear is not the only effective motivator of prosocial action. If this is true then a major stumbling block for Jacobs’ addition to fear of moral education, exemplified by Hobbes’ fool or

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254 Jane Jacobs, Systems of Survival, Page 204.
Glaucon’s supposedly just man who is corrupted by the power of the ring of Gyges, has been removed.

**Conclusion**

In this work we examined Jacobs’ moral and political philosophy for the purpose of defending her modified version of Plato’s assertion that the different parts of the city ought to be kept separate. To this end we examined the two moral syndromes, the guardian and the commercial, in order to analyze and make explicit the connections between the behaviours Jacobs claims are typified by the moral precepts contained within. We showed that each moral syndrome contains within it several clusters of precepts that share direct connections that enhance the other precepts in the cluster and/or check their extreme proclivities. We also established that these clusters have a larger purpose within the syndrome as a whole, indicating necessary capabilities or establishing a moral context conducive to the type of work the syndrome is geared toward, and that these larger purposes are what bring the syndromes together to accomplish the common goal of which the precepts of symptomatic: taking or trading to make a living.

We also took on the task of defending Jacobs’ claim that taking and trading are the only two methods of making a living. Jacobs believes that we only have two moral syndromes geared toward survival because we only have two methods of making a living upon which to base a syndrome. If true, this claim prevents Jacobs’ current iteration of the LISC, which assumes that there are only two syndromes, from being undermined by the possibility that a third syndromes causes interactions not predicted by the law. But, most importantly, this claim seems supported by the empirical evidence. Jacobs’ claim was defended by showing that the most likely alternative method to taking and trading,
sharing, was not a viable alternative because it lacks a quality that both taking and trading possess. This quality is that when one takes or trades they end up with material goods in their possession that they can then use for their survival whereas after an instance of sharing the sharer is only left with what they did not to share. This logical reason is reflected by empirical evidence, specifically the practices of the Trobriand Islanders of Western Melanesia, that sharing is often incorporated into the guardian syndrome as a method of enforcing group loyalty or building alliances with other groups.

An example of Jacobs’ LISC, the Latin American debt crisis of the 1970s and 1980s, was examined in order to show two things. First, Jacobs’ explanation of the crisis, that the banks motivation for lending had switched from ‘Invest for productive purposes’ to ‘Dispense largesse’, is the best explanation among the available alternatives. This was established by showing that if the largesse motive, enabled by the explicit government guarantees that were central to the moral hazard explanation, was substituted for the profit maximization motive then one could explain several important facts about the lending boom that would not make sense otherwise. The largesse motive explained why the banks opted to lend billions of dollars when they were aware that they would likely lose their money, why their lending patterns more accurately reflected their home government’s foreign policy interests instead of what clients were more profitable and the fact that the banks were willing to fund projects that they knew would never be profitable.

Furthermore, Jacobs’ LISC predicts that precepts that are virtuous when employed with the other precepts of their syndrome will convert into vices when employed with precepts from the opposing syndrome. This was exemplified by
showing that the commercial precept ‘Compete’ converted into a vice by driving many banks to lend more to meet competitive pressures thus exacerbating the unsustainable levels of Latin American sovereign debt. Jacobs’ LISC also predicts that when forced to interact with precepts from the opposing syndrome some precepts will bend or break for necessary expedience. This example established this part of the LISC by demonstrating ‘Be honest’ breaking entirely as exemplified by banks necessarily resorting to dishonest accounting for the expedience of avoiding a collapse of the international banking system.

Despite the success of the debt crisis example at empirically establishing the different parts of Jacobs’ LISC, it important to keep in mind that one successful example is not enough to establish Jacobs’ claim that she has uncovered a universal law of ethics. The evidence in this work, and in Jacobs’ own work, does not establish that every single precept will necessarily trigger the consequences that the LISC predicts. To establish this much more work would be required.

Jacobs’ claims to universalism were defended against arguments that they were too Eurocentric to be truly universal and that western individualism had coloured her theory and infused it with a degree of self-interest that undermined its universality and made its moral implications suboptimal. The claim that Jacobs’ theory is too Eurocentric was interpreted in two different ways. The first was that Jacobs’ theory only described phenomenon that occurred in the western capitalist society in which she wrote. This was refuted by pointing out that the evidence that Jacobs drew from came from many different places, time periods and disciplines and thus could not be accurately described as Eurocentric in this sense. The second was that the concepts that Jacobs employed to analyze the evidence for her theory were borne of the western capitalist society in which
she wrote and thus have no claim to universality. This sense was refuted by pointing out that the precepts that Jacobs argues make up the two syndromes are so simple, and yet so invariable, as the evidence for the social and historical reality of her syndromes and the LISC demonstrate, that it is highly unlikely that her analysis mistakenly identified adherence to them in other societies due to some innate western bias inflicted upon her because of the culture in which she wrote. Lastly, the claim that Jacobs allowed western capitalist assumptions of individualism into her work was refuted by showing that the social arrangements Jacobs recommends that we adopt to avoid the creation of monstrous moral hybrids, which she called ‘knowledgeable flexibility’, provide ample room for symbiotic relationships between the two syndromes that allow the altruism and generosity that can be encouraged by guardian social arrangements to be achieved alongside the superior ability to accumulate the stuff of life of the commercial syndrome without the individualism of the latter undermining the altruism of the former.

Finally, Jacobs proposed social arrangement of utilizing the syndromes by encouraging knowledgeable flexibility to avoid hybridization depends very much on her proposed addition to Hobbes’ proscription of fear: moral education based on moral knowledge that has a claim to objectivity. This addition relies on the assumption about human nature that most people prefer to be moral over immoral and corrupt when given the choice. The psychological experiments of Batson et al. sought to empirically justify the reasoning behind an example like Glaucon’s which assumes that the just man would behave no differently than the unjust man when given a powerful artifact like the Ring of Gyges that removes the possibility of negative consequences. They did so by setting up an experimental condition in which participants could flip a coin to decide the assignment
of two tasks, one desirable and the other not desirable, but cheat and take the desirable task for themselves, even if the flip went against them, without anyone knowing that they had done so. Batson et al. argued that the experimental data clearly established that the majority of participants were motivated to appear moral, by flipping the coin, but to not actually be moral if it meant sacrifice, as when the coin flip went against them.

The work of Watson et al. and Maureen Sie show that Batson et al.’s experimental condition did not account for response bias in which participants would automatically respond positively to hypotheticals about moral behaviour by taking these biased responses as an accurate reflection of the participant’s moral beliefs. Using a different measure of moral values than Batson et al., the DIT, Watson et al. were able to show that Batson et al.’s data was in fact skewed by response bias. This meant that Batson et al. were not justified in assuming that the equal consideration principle was in fact the standard that was guiding the participant’s behaviour. Rather, their behaviour reflected their belief that they were justified pursuing their normative self-interest over altruism but not that they were behaving selfishly when the consequences of such behaviour were removed. In addition, Maureen Sie and Watson and Sheikh showed that context justified the participants’ choice to pursue normative self-interest over altruism. Sie employed a series of thought experiments that showed that the standard Batson et al. had adopted as the appropriate moral guide, the equal consideration principle, was in fact not the appropriate principle to their experimental condition. Sie argued that people are under no obligation to share their luck with strangers when it is clear that they have a superior claim to a boon. Watson and Sheikh showed that adding another positive task assignment to Batson et al.’s experimental condition showed that when the context people were
placed in allowed them to share with strangers without sacrificing their normative self-interest they would generally opt to do so over selfishly claiming both positive tasks for themselves.

In conclusion, it seems fair to say that Jacobs aspiration to provide a clarification and defence of the city part of Plato’s city-soul analogy was successful, albeit not as successful as Jacobs had believed. While far more work is required to establish Jacobs’ lofty claims to objective moral knowledge and the discovery of a universal law of morality, the social and historical reality of the syndromes demonstrably holds up well against several forms of empirical and logical scrutiny and, as such, seems worthy of the further work required.
Works Cited


