

Tasteful and Distasteful Transactions

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Abstract

Examples of tastefulness include suppressing self-promotion when one gives to charity and suppressing altruism when one is involved in business transaction. Otherwise, the acts would be judged, respectively, as self-aggrandizement and pity and, hence, distasteful. But how should we conceive tastefulness and distastefulness? Contrary to the standard economics and utilitarian approach, tastefulness is not a taste. Also, contrary to non-utilitarian moral theories, tastefulness is not the product of a normative moral principle. Rather, tastefulness is an evaluation of whether one's "true intention" to optimize matches one's "declared intention." The declared intention acts as the context against which the true intention is judged. If one chooses to donate resources to charity, the declared intention (context) is benevolence. But if one's true intention were self-promotion in this instance, the act would be judged as distasteful. This paper identifies four intentions and, correspondingly, four contexts of exchange. This allows us to identify four kinds of tasteful transactions when intentions match their contexts--and additional twelve kinds of distasteful acts when otherwise.

Keywords: Rational Choice; Moral Philosophy; Reciprocity; Truthfulness; Authenticity; Sincerity; False Pretense; Normative Theories; Four Intentions of Action; Four Contexts of Action; Repugnant Exchanges; Squeamishness

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Introduction

In a keynote speech at the 2016 Economic Science Association meeting in Jerusalem, Vernon Smith related the following incident. Smith approached a homeless man who sells newspapers at the corner of a street leading to his house in Tucson, Arizona (US). After he paid for the newspaper, Smith told the homeless man that he can keep the newspaper. Smith reckoned that he is helping the homeless man *twice*. The homeless man refused the exchange. He returned the money to Smith stating: I am in the business of selling newspaper, and given that you do not want the newspaper, I cannot take your money!

How to make sense of this incident? The incident obviously involves a misunderstanding. But let us stylize it “as if” there were no misunderstanding, i.e., Smith were aware of the business context of the exchange. A spectator would have judged the stylized “Smith’s act” as distasteful. As defined here, the terms “distastefulness” and “tastefulness” denote judgments about exchanges: does one’s intention, such as charity, mismatch or match the context of the exchange? Given that his true intention is charity, and Smith wants to enact a tasteful act, Smith should not have approached the newspaper seller. He should rather have approached a charitable organization, say, the Salvation Army.

The social science literature is largely silent on the question of tasteful and distasteful transactions, except for anthropological studies on the function of gift exchange in various societies (see Khalil & Marciano, 2016). The business and management literature started to pay attention to such transactions, given they are crucial for the functionality and prosperity of any organization. For instance, Douglas Creed *et al.*, (2014), analyze how shaming, which takes different stages, help maintain the social bond within organizations. Also, Maxim Voronov and Maxim and Klaus Weber (2016) advance the concept of “emotional competence” to denote the ability of actors within organizations to display and experience

appropriate emotions given what they call the “institutional order.” This paper goes beyond shaming and other emotional display to cover transaction of goods and, further, provides a rational choice theory that explains when such emotions/acts are appropriate or inappropriate, i.e., distasteful.

Given the rational choice starting point, this paper naturally examines how standard economists deal with tasteful and distasteful transactions. Insofar as standard economic theory is rooted in utilitarian philosophy, economists generally do not pay attention to the problem of distasteful transactions. When they analyze why people prohibit themselves and others from engaging in distasteful transactions, they mostly focus on *repugnant* exchanges and, in the process, lump distasteful exchanges with repugnant exchanges. From this perspective, the homeless man refuses to take Vernon Smith’s money because he considers the transaction as repugnant.

But the distasteful transaction, for most people, differs from repugnant exchanges such as the selling of babies, human organs, human blood, sex, voting rights, court decisions, and so on. These are sacred goods – at least in a given community, and the members of this community prohibit the buying and selling of the goods that define its identity. In contrast, distasteful transactions do not involve the sale of sacred good. Rather, they involve the sale of normal goods, but selling them in the wrong context.

This means that economists do not have a theory of distasteful exchanges – or at least a theory that is separate from issue of repugnant exchanges. This should not be surprising. Economists broadly have not unpack the difference between distastefulness and repugnance since they only recently started to recognize repugnance, as highlighted by Alvin Roth

(2007)¹. So, this paper takes up the challenge of unpacking the difference between distasteful exchanges and repugnant exchanges. Only then we can proceed to construct a theory of tasteful and distasteful exchanges.

Section 1 commences with a discussion of the differences between distasteful and repugnant acts, and expands the exposition of the proposed theory via a critical review of the literature. **Section 2** identifies and classifies four structures of intentions and their matching contexts in everyday life. The payoff is the distinction, corollary, among four kinds of reciprocity. **Section 3** differentiates, following the classification, four kinds of tasteful acts and twelve kinds of distasteful acts. **Section 4** summarizes our argument and concludes.

1. Repugnance vs. Distastefulness: Towards a Theory of Tastefulness

Standard economists construct the utility function in a way to contain preferences for non-repugnant and tasteful exchanges along the same metric as preferences for delicious food or clean homes. They treat repugnant exchanges and, by extension, distasteful exchanges as distastes that do not differ from the distaste people have towards garbage, spoiled food, and messy homes. Or, to use other examples, one may dislike boastfulness in the same sense that one is squeamish about eating dog meat, living next to a cemetery, or eating chicken after a visit to a poultry slaughterhouse. So, to judge that an act is repugnant and, by extension, distasteful is similar to judging that eating dog meat is repulsive. Consequently, individuals must vary in their judgments of what is tasteful as opposed to distasteful—as they have diverse tastes and distastes. This is exactly what Roth (2007), one of the recent economists

¹ This excuse does not work for the philosophical literature, as well as the normative social theory literature, that have a long history in dealing with the issue of moral norms that place prohibitions on utilitarian pursuits.

who paid attention to repugnant transactions, does in his analysis. He conceives repugnance and, by extension, distastefulness as a matter of distastes. Consequently, Roth does not provide a theory of repugnance other than falling back to standard economics. Therefore, we still need a theory to explain distasteful and repugnant exchanges.

Michael Sandel attempts to provide such a theory (Sandel, 2012, 2013; see also Satz, 2008, 2012). Sandel criticizes Roth's approach precisely because he “simply accepts it [repugnance] as a social fact and devises work-arounds.” (Sandel, 2013, 124) Roth does not “pass judgment on repugnance” (*Ibid.*, 124). In particular, Roth “does not ask which instances of repugnance reflect unthinking prejudice that should be challenged and which reflect morally weighty considerations that should be honored.” (*Ibid.*) Thus, Sandel is taking issue with the positivist, descriptive approach of Roth, which is typical of the economist approach. As it clearly appears from the last quote, Sandel wants to pass judgments on repugnant acts, which he lumps with distasteful acts, on the basis of normative moral principle. Only then, for Sandel, one can discern misguided repugnance from certain choices, behaviors, or transactions that are thoughtful and proper repugnance.

Sandel offers a criterion for judging an act as repugnant or distasteful—viz., whether the exchange under consideration erodes “certain moral and civic goods worth caring about.” (*Ibid.*, 121) In Sandel's work, thoughtful repugnance is explained on the basis of external, normative moral criterion, viz., what is critical for the moral fabric of the community.

The same normative approach animates the work of Amitai Etzioni (1986, 1988). He postulates communitarian values that identify for us what is the set of sacred goods, what he calls “moral utility.” Etzioni extols us not to allow economic calculus of efficiency to intrude and erode into the sphere of sacred goods. Likewise, Elizabeth Anderson (1990, 1993)

employs a normative approach. She appeals to the pluralism of ends as the normative goal, where each sphere of life, ranging from the family, to church, and the economy, represent a different sphere. One should not advance a uniform, uni-dimensional utility metric in order to collapse such plurality of ends. And we have a violation of the social fabric once we allow one type or rational consideration intrude from one sphere into the other. What matters is the nurturing of values that maintain the moral fabric of the community.²

Therefore, one may note that, despite the great difference that exist with the standard economic analysis of repugnance, both approaches similarly define a prohibited exchange as an action that is ruled out either because of squeamishness or moral principle. They refer to a *single* variable – distaste, for economist, or a normative principle for the non-utilitarian moral theorist. This may or may not be true with regard to repugnant exchanges – which is not the focus here. But it definitely cannot be true with regard to non-taboo exchanges. To start with, why should there be any prohibitions against non-taboo, distasteful exchanges such as those:

- If the more information the better, why would givers go through the extra effort of removing the price tag off gifts, i.e., why not removing the price tag is viewed as distasteful?
- If people do not wrap their own purchases, why would people wrap gifts offered to others, i.e., why would people object to offering un-wrapped gifts?
- If a company's donation of T-shirts to disadvantaged children were agreeable, why such donation would be disagreeable if the T-shirts have the company's logo?

² One could also include in this review the work of Debra Satz (1995, 2008, 2012) and Gabriel Rossman (2014).

- If an unexpected flood takes place, and a neighbor starts to charge money for the use of his boat, why would such charging objectionable?
- If we assume that profiting from one's crime of passion can never be an intention of the crime, why would the public become outraged at the announcement of publication of O.J. Simpson memoirs, titled, "If I Did It, Here's How It Happened," concerning the murders of his ex-wife, Nicole Brown, and her friend, Ronald Goldman? (see Wight 2015)
- If we regard economizing behavior as desirable, why would people view the use of a discount coupon on a first-date to in bad taste?

To answer these questions, one must not reduce tastefulness to something else - whether tastes or normative principles. While tastes or normative principles are primitives that stand on their own, tastefulness cannot be a primitive. It is always defined in relation to an action situated in a particular context. In particular, tastefulness is the nexus of *two variables*, the intention and the context of exchange through which the intention is satisfied.³

These two variables do not play a role in repugnant exchanges. A repugnant act or exchange is repugnant in *any* context. To judge an act as repugnant, one does not require a context to start with. An act or an exchange is repugnant because the intention behind the exchange is *in-itself* repugnant. This means that the act is *absolutely* unacceptable, appalling, or horrible irrespective of the context. It therefore does not make sense to frame the prohibition of repugnant exchanges as mismatch between the intention and its context.

³ To clarify, this paper employs the term "intention" to denote what economists call "taste" or "preference" and what psychologists call "motive." We do not make a distinction among these terms. The term "intention," though, is more suitable than the other terms given our research question, viz., the evaluation of one's motion to satisfy a taste against what one declares. Then, the term "intention" connotes the possibility that one's motion, for whatever reason, may differ from one's declared motion.

By contrast, this is exactly how we should frame the prohibition of distasteful exchanges: they are distasteful because of the mismatch between the intention and its context. The intention in-itself is not prohibited in distasteful exchanges. The intention becomes (un)acceptable only in reference to a particular context. In judgments of tastefulness and distastefulness, what is involved is the contrast of the intention with the context of the intention. Such judgment can only be passed once the true intention is contrasted to the context. More precisely, we argue that it is the intention that defines the context or that the context of exchange is endogenous to the intentions of the actors. It is nothing but what the actors must choose when they pursue their true intentions—of course after taking into consideration the costs and benefits of the different options. Therefore, the only way to make sense of tastefulness is to distinguish between true intention, on one hand, and declared intention that *acts as the context of exchange*, on the other.

This sets our definition of context somewhat apart from Michael Walzer's (1983) notion of "spheres." Walzer basically takes the boundary among spheres as fixed. We take it flexible and, in fact, the subject to choice as one determines the optimum option.⁴

One determines, first, the optimum option in light of the cost-and-benefit of the different options. Second, one must declare such option, which effectively states the context of one's choice. For an action to be tasteful, one's true intention must match the chosen context of the transaction. And if there is a misunderstanding, one seeks to clarify the matter in order

4 In addition, Walzer uses the term "sphere" or "context" loosely. On one hand, he uses the term to denote sacred goods in the sense of repugnant goods. On the other hand, he uses the term to denote distasteful exchanges when he discusses prohibited exchanges as violations of what he calls "complex equality." For instance, it is prohibited to use power tokens that might be legitimate in one "sphere," in the sense of context as defined here, but not illegitimate in another sphere. Another example, physical attractiveness is legitimate to use in romance, but it is prohibited to use in classroom, evaluation of promotion, determining who wins in sports contests, and so on. So, Walzer, similar to Sandel and others, discusses repugnant exchanges and distasteful exchanges along the same conceptual framework.

for the mismatch to disappear.

That is, tastefulness must entail transparency. One should not only declare the intention to the self, although this is important. One should also declare it to the partners of the said transaction. In this manner, one is setting the context as one declares the intention. Such a requirement means that the actors must be authentic or sincere not only with themselves, but also with the partners of exchange. The actors must avoid false pretenses as they pursue their true intentions (Khalil & Feltovich, 2016). When the actors are authentic, sincere, or devoid of false pretenses, the spectator or, equivalently, the actor him or herself judges the action as tasteful.⁵ By contrast and comparison, when actors are insincere, their action is distasteful.

Thus, charity in the case of Vernon Smith is acceptable if satisfied within the charity exchange. However, for the homeless man, the context was a business context. Any spectator who subscribes to the context stipulated by the homeless man should find Smith's charity act distasteful. So, distastefulness involves untruthfulness. When one chooses the intention, one also simultaneously chooses the context as one tries to provide "meaning" of the act. When one intends to be charitable, one is also supposed to declare truthfully the meaning of the act, viz., that charity is one's intention. In the story of Vernon Smith, he should have declared his intention by selecting a charity in order to satisfy his intention. Otherwise, if one chooses a business context to satisfy a charitable intention, the alert spectator would judge one's act as pity and, hence, prohibited. The context one uses to express the intention does not match

⁵ Of course, there are cases where the actor can be involved in self-deception, where his or her own judgment diverges from the judgment of the fully knowledgeable spectator (Khalil, 2016). But this issue of self-deception matters at secondary or tertiary approximation. At first approximation, the issue of tastefulness is not defined by self-deception. The actor can be involved in distasteful behavior, while still consciously recognizing his or her act as distasteful.

one's intention. Such untruthfulness can arise from inauthenticity, fakeness, or insincerity⁶.

The concern with truthfulness in the forms of sincerity or authenticity is as old as the concern with virtue, i.e., as old as moral philosophy itself. Adam Smith (1976), e.g., dedicated Part II of *The Theory of Moral Sentiments*, to the issue of sincerity. Smith argued that we should not praise an action just because its consequences are beneficial. We should consider the true intention of the actor. Only if the actor's intention matches the declared one, the spectator can judge the act as praiseworthy.

To define tastefulness formally, let us note $U^t = U^t(A_1, A_i^c, C_{A1})$, where U^t is tasteful utility; A_1 intention "1" such as charity; A_i^c context "i" through which A_1 is commanded; and C_{A1} the set of relevant circumstances that amplify whatever is the direction of U^t . C_{A1} is a function of variables such as the number of spectators, how serious is the occasion, the extent of expenditures, and so on. Then, if $i=1$, $U^t > 0$, i.e., the act is tasteful. If $i \neq 1$, $U^t < 0$, i.e., the act is distasteful. The pitch of U^t , irrespective of whether it is tasteful or distasteful, is determined by C_{A1} . Thus, to go back to the anecdote this article starts with, A_1 expresses the intention, such as Vernon Smith's intention to give to charity, and A_i^c denotes its corresponding context, namely, the charity context in this example. If Vernon Smith was helping the homeless man within its corresponding context, i.e., the charity context (A_1^c), his A_1 act would be judged as tasteful—how Vernon Smith judged his act. After all, A_1 matches A_1^c . But for the homeless man, the context is business transaction, let us call it A_2^c . Such

6 Let us note that tastefulness is a "symbolic product" (Khalil, 2000, 2004a) in the sense that while tastefulness depends on the pursuit of a taste, it is not a taste. It is rather the by-product of evaluating the intention behind the pursuit with the declared intention (context). On the other hand, tastefulness is a symbolic product in the sense that while tastefulness depends on some notion of moral integrity of the actor, it is not a reified moral principle. It is rather the by-product of the said evaluation, where the declared intention sums up what the person, as an integral entity, has decided. Stated succinctly, distastefulness should be viewed neither as a taste nor as a normative principle imported from some axiomatic plateau of morality.

context mismatches A_1 . So, the act of Vernon Smith was judged, at least by the homeless man, as distasteful.

To sum up, the key difference between the two kinds of prohibited – repugnant and distasteful – exchanges is whether the context of the act under focus matters. If the context does matter, the judgment amounts to whether the act is tasteful or distasteful. If the context does not matter, the judgment amounts to whether the act is non-repugnant or repugnant.

Following the positive approach, we can propose a systematic classification that describes why and when certain choices can be viewed as either tasteful or distasteful. We describe at least four kinds of intentions and, correspondingly, four contexts of exchange that match such intentions. For a particular context, if the intention matches it, the intention would be tasteful. If the intention does not match the context, the intention would be distasteful. We employ the term “structure of exchange” to denote the intention/context nexus. So, for each structure of exchange, there is only one kind of tasteful action and three kinds of distasteful actions.

2. Four Structures of Exchange

Let us start by identifying the possible structures of exchange, i.e., the nexus of the intention and its implied context. In each structure, the person decides on the rational optimum bundle that entails his or her true intention. In this decision, the person takes into consideration the costs and benefits. If the person finds it expensive to donate to charity or to express solidarity with others, this would be reflected in the decision. Then the person decides on the declared intention, the context. The context has to match the true intention if the act to be judged, by the spectator or the person, as truthful and, hence, tasteful. Otherwise, the act is judged as

distasteful.

If distasteful, there is a gap between the true intention and the declared intention (context). The gap expresses the suboptimality of the act. In some situations, the gap arises from the deviation of true intention from the optimal declared intention. These situations are best described as weakness of will or dynamic inconsistency. In other situations, the gap arises from the deviation of the optimal true intention from the declared intention. These situations are best described as infirmity of character, self-inhibition, timorousness, or inattention to the context as the case of Vernon Smith stated at the outset, or simply cowing to social and peer pressure. While the source of the gap is important, it is important at secondary approximation. At first approximation, the concern of this paper, what is important is the articulation of the gap that characterizes diverse structures of exchange.

But prior to discussing the different gaps of different structures, we need to identify the structures of exchange. We identify at least four structures, but there could be more than four. Table 1 differentiates the four structures. The vertical axis lists the context of exchange as specified by the declared intention. The horizontal axis specifies what the giver gives and how the recipient reciprocates, assuming that the intention of the giver is suitable and, hence, judged as tasteful. Thus, we have four kinds of reciprocity, corresponding to the four structures of the exchange.⁷

⁷ For a history of ideas account of the origin of the proposed four-way taxonomy, see Khalil and Marciano, 2016.

Table 1: Exchange within the Four Contexts of Exchange			
	Giver gives ...	Recipient reciprocates ...	Time period:
Charity Context	X_1 goods	“thank you”	One-Shot Exchange
Contract Context	X_1 goods	X_2 set of goods— formal obligation to pay “exact” value: $P_1X_1=P_2X_2$ Where P_1 and P_2 are the respective prices of goods X_1 and X_2	One-Shot Exchange
Solidarity Context	X_1 goods	Obligation to accept—i.e., informal obligation to reciprocate “inexact” value: $P_1X_1 = \mu P_2X_2$ where μ is close to 1, but $\mu \neq 1$	Indefinitely repeated
Status Context	X_1 goods	In response to giving P_1X_1 , the receiver expresses adulation in the sense of awe and admiration	One-Shot Exchange

2.1 Exchange within the Charity Context

Once the giver provides assistance as motivated by caring about the wellbeing of the recipient, the charitable action is completed and the interaction is over.⁸ Indeed, the recipient is part of the relationship only as long as he allows the giver to behave charitably or

⁸ As such, this is not the classic case of charity where there is the issue of helping someone to stand on his or her feet. In such classic case, there is the danger that such help could engender moral hazard, i.e., the charity could erode the recipient’s work. This danger is highlighted by what James Buchanan (1975) coins the “Samaritan Dilemma.” Interestingly, in the actual Samaritan Biblical story, it is not the classic case of charity, but rather of one-shot help, as discussed here.

benevolently. The recipient is supposed to be passive. The recipient is expected, at best, to thank the altruist, but no more. In that sense, it can be said that it is a one-shot interaction. No repetition occurs; or, rather, if a repetition occurs, this means that a second interaction begins, and therefore that the context of exchange is not longer the same⁹. There is common knowledge that the benevolence intention is the suitable intention in the contract context.

2.2 Exchange within the Contract Context

The exchange in the contract context is also one-shot—repetition is not a defining feature. More precisely, there is a contract that specifies the term of exchange, which takes the form of rules of justice. That is, the contract is not only the agreement, but also entails the punishment, the principle of justice, and the judicial institutions that underpin the market.

As a complement to contract, people want to behave ethically in the sense of paying exactly what they promised, even if *ex post* incentive entice them to cheat. To note, many thinkers (Sandel, 2012, 2013; Anderson, 1990, 1993; Etzioni, 1986, 1988; Satz, 1995, 2008, 2012) do not carefully distinguish the honor or self-integrity to keep one's word, despite *ex post* enticement, from the amiable intention to nurture communal solidarity. While the desire for self-integrity animates the contract context, the amiability intention is suitable for the solidarity context. While self-integrity demands that one pays exactly what one owes, amiability does not. Amiability stems from wanting to act brotherly, i.e., not to act formally

⁹ By (our) definition, charity corresponds to one-shot exchange. A lot of charities tend to seek an ongoing arrangement wherein individuals donate to them every month. This may seem to be an indefinitely repeated form of charity. We suggest to interpret this type of situation as follows: first, if it is simply a way of smoothing the donation over different periods, it remains a form of charity especially if the arrangements only last over a definite period of time; but, second, if this ongoing arrangement is indefinitely repeated, then it transforms the context from charity to solidarity.

and demand from others every penny they owe. Amiability arises from the desire to belong to a community, where such community would welcome people who are not after exact, just transactions. The desire of belonging and the amiability intention prohibits exact, just reciprocity that is evident in the contract context. As shown shortly, the payment of exact value which expresses reciprocity in the contract context does not fit the solidarity context. In the solidarity context, the reciprocity must be of different kind. And such kind is expressed when the gift is not of exact equivalent value. If so, it would be considered a transgression, i.e., distasteful.

Once the recipient pays, in equal value, according to the contract, the interaction is over. There is common knowledge that the self-interest intention is the suitable intention in the contract context. In the contract context, the value of what is given has to be equal to the value of what is returned. Otherwise, the equality between the parties is not respected.

2.3 Exchange within the Solidarity Context

The situation differs in the solidarity context of exchange. What characterizes the intention, insofar as it matches the context of solidarity, is the desire of belonging. Such intention is transmitted by a particular kind of reciprocity, viz., the exchange of gifts. The gift in the solidarity context actually is the *amalgamation* of the two intentions mentioned above: i) self-interest; and ii) altruism.

One has to reciprocate the gift, which makes it look “as if” the context is contractual to satisfy self-interest. But it is a great affront if one reciprocates the exact value of the gift. This highlights that the gift has the altruistic element, i.e., care about the wellbeing of the other. But the amalgamation of the two intentions is not simply of compounding intentions. The

amalgamation rather gives rise to the third intention, the desire to belong, i.e., amiability. Put differently, one gives to love as well as to be loved, and such reciprocation is neither motivated by the reciprocity of self-interest that characterizes the contact context nor by the reciprocity of altruism that characterizes the charity context. But it is motivated by the reciprocity of amiability that amounts to the amalgamation of the two.

The amiable action of gift given is undertaken by the by the giver to make both the giver and the recipient feel as belonging to a single community. The community could be family-, linguistic-, religious-, ethnic-based, or even the global community of humanity if such a community exists. The gift can only acquire its meaning when or because it is precisely accepted by the recipient in the sense of nurturing the symbiosis of the giver and the recipient as part of the demarcated community.

Such an exchange has two implications. First, gift giving is not a one-shot interaction. Solidarity is part of a process and interactions between givers and recipients are repeated as long as the created group wants to continue to exist. Therefore, and this is a second implication, the recipient has an obligation, although should never be a legal or formal one, to accept the action of the giver – just as the giver acted as a recipient in a previous exchange. Reciprocity, however, must not take the form of a gift of exactly like value. That would insinuate that the intention is self-interest, as is the case in the contract context, where the exchange must be of equal value.

2.4 Exchange within the Status Context

In the status context of exchange, the gift performs a different function than its function in the solidarity context. The gift here is the performance of the giver of some kind of ability. To fix

thought, one instance of this ability could be an analysis of the causes of World War I, knowledge of astrophysics, or piano playing. If the recipient finds it impressive, the recipient pays by acknowledging the eminence of the giver. The recipient effectively elevates the giver to a higher eminence, a higher status than the recipient's with respect to the admired skill.

But what about the best performer in his or her field, such as Shakespeare? It seems he cannot look up to someone higher than him or herself that has lived in the past or living contemporaneously. But Shakespeare can certainly look up to an imagined self that is placed higher than himself—an imagined self that he desires to attain that can be even greater than his current accomplishment. This is certainly the case with the extremely ambitious Julius Caesar according to Plutarch (Khalil, 1997). Caesar was involved in “self-competition”—given that no man up to his time has ever achieved greater deeds than himself, Caesar even wanted to achieve greater status by more conquests than the Caesar of yesterday has succeeded in achieving.

The exchange that make up the structure under focus, i.e., establishes the ranking of status, can be defined by a one-shot interaction: the giver provides knowledge, advice, or display consumption of goods, and the receiver is consequently impressed and expresses admiration in return.

The commonly recognized status goods, such as automobiles or clothes, are only the tip of the iceberg and have disproportionately occupied the attention of economists (Frank, 2011, Becker *et al.*, 2005). What is really at stake is the natural pursuit of distinction, and when one excels more than others, the recipient of the benefit usually expresses adulation of the highly admired skill. One of these skills is wealth accumulation, and hence the display of such skill consists of advice, where the actual consumption of the admired goes to confirm the

prominence achieved by the captain of industry. So, given this fixing of thought, there is nothing suspicious or abhorrent about the display of one's prominence, eminence, or distinction—insofar as they are signals of one's achievement and part of what one wants to convey to admiring recipients.

For instance, if agent A places Stephen Hawkins's book, *A Brief History of Time*, in a bookshelf to read, it is natural for visitors who value astrophysics to look up, admire, and recognize the distinction of A—effectively raising his status with respect to the pertinent skill at hand. But if A is flaunting the book to gain attention, even when deserved, then status is being “bought.” Smith (1976) leveled harsh words at “weak men” who are prone to undertake ostentatious behavior. He clearly distinguished it from true praiseworthiness and distinction (Khalil, 1996). In this light, one may try to fulfill one's potential. If one achieves greatness, it is a by-product the deserves admiration. The achieved high status, in this case, is tasteful.

Thus, in each of the four cases, giving has a different meaning depending on the context of exchange. This means that the four contexts of exchange should be distinguished to determine and understand whether or not an action is tasteful or distasteful.

3. Tastefulness and Distastefulness: Sixteen Varieties

The proposed fourfold classification, as Table 2 sums up, shows when an intention is tasteful and when it is distasteful. The vertical axis lists the four context of exchange. The horizontal axis lists whether the intention matches or does not match the given context. While one may quibble over terminology to characterize the different distasteful acts, what matters is the conceptual framework: whether the intention matches the contest of exchange or not.

	Intention that matches the context:	The other three intentions that mismatch the context:
Charity Context	Altruism—judged as tasteful	1) Self-interest—judged as i) disingenuous favor; or ii) narcissistic pleasure 2) Amiability—judged as inapt 3) Distinction—judged as shameless
Contract Context	Self-interest—judged as tasteful	1) Altruism—judged as pity 2) Amiability—judged as foolishness 3) Distinction—judged as self-aggrandizement
Solidarity Context	Amiability—judged as tasteful	1) Altruism—judged as patronizing 2) Self-interest—judged as tactless 3) Distinction—judged as superiority
Status Context	Distinction—judged as tasteful	1) Altruism—judged as arrogance 2) Self-interest—judged as abusive 3) Amiability—judged as false humility

3.1 The Charity Context

In the charity context of exchange, the suitable intention is altruism and, hence, altruistic acts are judged as tasteful. The other three intentions that are suitable for the other three proposed contexts, discussed below, would be unsuitable in the charity context. Hence, such three intentions would be judged as distasteful. In particular, if the intention is self-interest, it is judged as a disingenuous favor, because the favor-giver is not motivated, as the common knowledge makes one expect, by caring about the interest of the other. Rather, the favor-giver is interested in “pressuring” the other to payback the favor. The self-interest intention, further, can be judged as narcissistic in case the favor-giver provides the good in order to watch and enjoy vicariously the pleasure of the recipient. This desire resembles masochistic pleasure (Khalil, 2004a): the giver (the masochist) is interested in the pleasure of the recipient

(sadist) insofar as it allows the giver to enjoy the recipient's pleasure.¹⁰ Likewise, if the intention in the charity context were amiability, it would be judged as inapt. The giver here is trying to satisfy the need for friendship or belonging by using the other's need for help. And if the intention in the charity context is distinction, it is judged as shameless. The giver here is not interested in advancing the wellbeing of the other, as the context demands, but rather interested in showing off his wealth or achievements.

3.2 *The Contract Context*

In the contract context, both the giver and the recipient must be motivated by self-interest. Thus, it is a tasteful intention given the contract context. It is expected that both conclude a contract that specifies the exact terms of exchange, *ceteris paribus*. If there is any violation of the contract, the principle of justice, which is a strong principle, is invoked to redress grievances.

However, if the intention is altruism, as in Vernon Smith's incident stated at the outset, the giver would pay more than the normal value. The recipient or any spectator alert to the context would judge the act as pity, belittling the recipient.

But, by contrast, if the giver's intention is amiability, the giver is providing services in order to gain friendship and even more, such as a sense of belonging, when the recipient acts out of self-interest only. Consequently, the giver is seen as foolish, ready to pay more than what is he getting in return.

¹⁰ As detailed elsewhere (Khalil, 2001; 2004a), Adam Smith (1976, p. 317) took a stand against the narcissistic or self-centered theory of altruism, when he explicitly criticized Thomas Hobbes' explanation of benevolence. Actually, the narcissistic view is the basis of many modern theories of altruism (e.g., Becker, 1974, 1976, 1981).

Finally, if the intention is distinction, the giver is providing services not to get paid an equal amount but rather to gain attention and status. The giver would be seen as trying to “purchase” distinction and hence the intention is judged to be self-aggrandizement.

3.3 The Solidarity Context

As for the solidarity context, the giver must give to others out of the amiability intention. Here, the amiability intention is employed tastefully. The usual carrier of amiability is the gift: neighbors welcome a newcomer with a gift, or a workplace says its farewell to a colleague with a gift. The giver gives to others a gift not out of charity, but expressly in order to experience the sense of fellowship, mateship, or belonging to a community.

However, if the intention of the giver is altruism, the giver is not trying to bond with the recipient or express affability. Rather, the giver is sending help to the other, as if the other is in need of help. The act is judged as being patronizing because, given the context, the other is actually part of the fellowship or solidarity group of the giver.

If the intention of the giver is self-interest, the giver sends a gift in order to receive a payback. One example is to intentionally leave the price tag on a gift. Another example is to reciprocate a gift with a gift with explicit equal value. Such acts are seen as *quid pro quo* when the actual context is amiability. As such, such acts are judged as tactless. Here the giver is misusing the gift, which is supposed to let the giver and the recipient enjoy solidarity, in order to advance one’s self-interest. The reciprocity under the form of a “gift” of equivalent value is distasteful.

If the intention of the giver is status, the giver is giving a gift not to sustain the home-feeling of their community, but to let others know about his or her distinction. This is judged

as seeking superiority.

3.4 The Status Context

As for the status context, the giver's intention is to show his or her distinction or prominence with regard to a skill such as cooking, home designing, business acumen, stock-market trading, mastering knowledge of national football, and so on. Thus, it is tasteful to exhibit one's prowess in one's profession, whether lecturing, playing the piano, or constructing furniture. So, it is proper to celebrate one's distinction and accomplishment, such as giving gifts, in the sense of plaques and other forms of recognition, as a symbol of one's success.

In such status context, the gifts are showered on the achiever who acts as a giver of what it takes to achieve. The gifts need not be limited to plaques. They include celebratory parties and luxury consumption. The gifts can be equally showered on pertinent others, who assisted the achiever, in order to enjoy together the achievements of the giver, as the case in celebratory parties and luxury consumption. The one who reciprocates and offer the plaque or other forms of recognition is reciprocating by allowing the gifts to express admiration (Khalil, 1996).

It is possible that, in political contest for leadership, the potential reciprocator chooses to challenge the presumed distinction of the giver. The challenger may judge the distinction of the giver at hand is either exaggerated, wrong-headed, or presumptuous. This would generate a contest. Such contest, if stays within the rules, need not lead to instability or civil war.

In any case, in the status context, the giver who is seeking distinction cannot be motivated by altruism in the said pursuit. This is contrary to the recipient's expectation.

Given the status context, the status seeker seeks worthy praise of the recipient. He or she should not be seeking to improve the substantive wellbeing of the recipient. The recipient does not view him or herself as an outsider that is seeking help. Rather, both are involved in the evaluation and assessment of distinction that engenders rank and status in the community. Consequently, if the giver that is exhibiting his or her distinction acts with altruism towards the potential admirer, the act would be judged as arrogance. It amounts to disrespecting the position of the admirer as someone who is admiring the distinction out of aspiration, not out of need of assistance. The admirer is watching because he or she is imagining that he or she can achieve such greatness. It would be similar, e.g., to a sports hero in cricket who gives his fans money as if they are following him out of need, rather than out of aspiration.

The second possible form of distastefulness arises if the giver, in the status context, is behaving out of self-interest, as if he or she is in a business contractual relation with the admirers. In this case, the achiever tells the fans: I gave you something to admire, you have to pay me back some favors. Here, the person who is admired is misusing his or her authority to get kickbacks. This act would be judged as abusive.

The third possible form of distastefulness arises if the giver, in the status context, is behaving out of amiability, as if he or she building a communal solidarity with the fans. Here the distinguished person is telling the fans: do not admire me, we are one family. But the fans want to celebrate the person of distinction and his or her gesture is judged, by the alert spectator, as false humility.

4. Conclusion

Economists came to realize that certain transactions could be viewed as distasteful. They

usually lump such set of transactions with another set, viz., repugnant transactions. In turn, they explain the prohibitions on both kind of transactions as arising from distastes for what is prohibited. Sometimes they qualify such distastes and call them “moral tastes”—but they still treat them as symmetrical to other “categories” of tastes such as “food tastes,” “clothes tastes,” or “aesthetic tastes.”

It is the rule with standard economic theory that we can reduce diverse behavior to tastes and, in turn, explain behavior as the outcome of constrained optimization of such tastes. In this manner, prohibited acts are explained in the same manner that one chooses not to demand garbage or options that give rise to squeamishness.

Alternatively, moral philosophers tend to explain distastefulness in normative (moral) terms, as for instance with Sandel, with fixed categories, as for instance with Walzer. Such normative and fixed conceptions of context are grounded on some communal values or universal principles that stand separate from the usual cost-and-benefit applied to ordinary choices concerning food, clothing, etc. As a normative term, tastefulness is not related to money or the usual transaction of good. The moral philosophers, who are not of the utilitarian orientation, regard tastefulness as an extra-economic action, as if economic action has roots unrelated to moral principles.

In both cases, in the standard economics literature that is rooted in utilitarianism and in the non-utilitarian ethics literature, distastefulness is viewed as a primitive fact, whether a primitive taste or a primitive normative principle. Both views, broadly speaking and at first approximation, fail to see tastefulness as a symbolic product, the outcome of the evaluation of whether the intention of an action matches the context.

In the case of tastefulness, it is the evaluation of whether one succeeds or fails, as result

of the command of action rather than of luck, to execute what one expects him or herself to do. Such expectation is declared when one chooses the context of action. The choice of context takes place simply when one, e.g., contacts a charity to donate resources when this charity declares its mission is to alleviate the pain of certain people. The context is not, at first approximation, externally imposed on the actor. Rather, the actor chooses it when he or she agrees to participate in a certain transaction. Now, if one executes the act with an intention that does not match the declared or professed context, a judgment is issued that the act is distasteful. Otherwise, the act is tasteful.

Another example, if one calls someone to share stories and reflect on personal or public events, one is choosing an option, called usually the “pleasure of friendship,” that sets the context of the call. But if one actually has another intention, such as trying to woo the friend to buy a stock in a company, without informing the friend that he or she has a stake in such company, we then have a mismatch between the intention, self-interest, and the declared context, the pleasure of friendship. Such intention/context mismatch would amount to judging the action as distasteful.

The intention/context distinction has two major payoffs with respect to the standard economics literature and the non-utilitarian normative theories literature. As mentioned above, in response to standard economic theory, the intention/context distinction allows us to recognize tastefulness or, its contrary, distastefulness as the product of the *interaction* of intention and context. This prevents us from the mistaken view of tastefulness as a taste, not different from other tastes that make up what the economists call the set of “preferences.” Second, in response to major standpoints in non-utilitarian moral theory, ranging from religious dogma to Kantian axiomatic reasoning, the intention/context distinction allows us to recognize tastefulness as grounded in every day execution of preferences in an optimal way,

whereas tastefulness or distastefulness are judgments on whether the intention matches the context. This prevents us from the mistaken view of tastefulness as a moral principle, as if such a principle belongs to a lofty plateau disconnected from the set of preferences.

That is, judgments about the tastefulness of one's action neither means that such judgment is a naked taste nor it means that such judgment is a moral principle unrelated to rational choice. The judgment is the function of contrasting the intention as one satisfies one's tastes in contrast to the declared context.

Our objective in this paper was to propose a positive theory of tastefulness, viz., tastefulness is a judgment of how the intention relate to its context. This led to the classification of four structures of exchange, where each structure expresses a different kind of reciprocity. For each structure, if the intention matches it, the act then is tasteful. But if it does not, and this could be the result of the intrusion of the three other intentions, the act then is distasteful. That is, within each structure, there is one kind of tasteful acts and three kinds of distasteful acts. This achieves the aim of the paper, to provide a theory of tastefulness that illuminates the puzzle of why an action can be judged tasteful if executed in one context, but distasteful if executed in other contexts.

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