

Cambridge University Press
978-1-107-06403-4 - Prisoners of Reason: Game Theory and Neoliberal Political Economy
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PRELIMINARIES

Cambridge University Press

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I

Neoliberalism

The political effects of nuclear weapons are also a serious consideration. American values have been affected. Our central government is larger, and the executive branch plays a larger role in foreign affairs. Interaction between strategic adversaries involves secrecy, and secrecy is difficult to reconcile with democracy. Many of these changes began before 1945, but enormous life-and-death decisions are nevertheless delegated to the president or his successors, and the circumstances may not permit congressional involvement. Knowledge of the details of nuclear targeting plans tends to be restricted to the military, and there have been cases in the past where a significant gap existed between military plans and what elected officials thought to be policy.

Joseph S. Nye Jr., 1986¹

The distinction between acting parametrically on a passive world and acting non-parametrically on a world [of game theory] that tries to act in anticipation of these actions is fundamental. If you wish to kick a rock down a hill, you need only concern yourself with the rock's mass relative to the force of your blow. . . . By contrast, if you wish to kick a person down the hill, then unless the person is unconscious, bound or otherwise incapacitated, you will likely not succeed unless you can disguise your plans until it's too late for him to take either evasive or forestalling action.

Don Ross, 2006²

The resultant dominant ideology is founded on the illusion that observed inequality is not to be explained in terms of the social power of one class or group over the other but, instead, is the result of different abilities, work ethic, etc. . . . Indeed, mainstream economics, and by association game theory, may be thought of as the highest form of this ideology . . .

Our world may have never before been so ruthlessly divided along the lines of extractive power between those with and those without access to productive means. And yet never before has the dominant ideology been so successful at

¹ Joseph S. Nye Jr., *Nuclear Ethics* (New York: Free Press, 1986), 78.
² Don Ross, "Game Theory," *Stanford Encyclopedia of Philosophy*, published 1997, substantially revised 2014, available on line, <http://plato.stanford.edu/entries/game-theory> (accessed September 1, 2015).

convincing most people that there are no systematic social divisions; that the poor are mostly undeserving and that talent and application is all the weak need in order to grow socially powerful.

Shaun Hargreaves Heap and Yanis Varoufakis, 2004³

After September 11, 2001, it became obvious that Francis Fukuyama's predicted *End of History* failed to materialize in prosperous global markets and inclusive democratic governance. This disappointing outcome to the Cold War, and the attendant ongoing deprivation faced by billions worldwide, encourages contemporary critics of capitalism to investigate the unique features of late-modern political economy. They point out that both the reach of the market and differentials in access to resources are wholly unprecedented. Keeping company with the varied efforts to explain the unique features of postmodern market discipline and government rule, *Prisoners of Reason* advances the simple thesis that neoliberalism reflects both the mentality and institutions consistent with orthodox game theory. To some, this might seem like targeting the straw man strategic actor, much as Thorstein Veblen ridiculed the ideal *Homo economicus* of neo-classical economics.⁴ However, this *Homo strategicus* remains at the epicenter of standard game theory pedagogy and continues to represent the most readily operationalized agency modeled by the theory.⁵ It is difficult to imagine teaching game theory without introducing new students to the canonical rational actor who only considers outcomes in terms of direct personal advantage and renders all decision making commensurable on a single scale translatable into money.⁶

This chapter briefly discusses contemporary authors' efforts to identify the unique features of neoliberal political economy. This scholarly engagement with capitalism veers from blurring the distinctions between classical liberal and late-modern capitalism on the one hand to pointing out all of the oppressive features of contemporary economic practice on the other. The first section advances the thesis that neoliberal economics and politics are best understood as the result of modeling agency and designing institutions according to the

³ Shaun Hargreaves Heap and Yanis Varoufakis, *Game Theory*, 2nd ed. (New York: Routledge, 2004), 262–263.

⁴ Thorstein Veblen, "Why Is Economics Not an Evolutionary Science?" reprinted in *The Place of Science in Modern Civilization* (New York: Viking, 1919), 73.

⁵ Note, for example, that the Nash equilibrium solution concept of "mutual-best-reply" is only guaranteed when mixed (randomized) strategies relying on expected utility theory are permitted; furthermore, in many useful applications, interpersonally transferable sources are assumed (hence permitting that players can offer side payments to other players). For discussion, see Duncan Luce and Howard Raiffa, *Games and Decisions* (New York: Wiley, 1957), 88–113.

⁶ See how Roger B. Myerson introduces game theory with the idea that money serves as a useful means to model interactions: *Game Theory* (Cambridge, MA: Harvard University Press, 1991), 3. See also Ken Binmore's treatment, *Game Theory: A Very Short Introduction* (New York: Oxford University Press, 2007). The *Economist* magazine makes clear that to use the tool of cost-benefit analysis, common in neoliberal economic practice, all decision making must be made as if outcomes have prices: "Economic Focus: Never the Twain Shall Meet," *Economist*, February 2, 2002, 82.

principles of orthodox game theory. The second section explores how the political philosophy consistent with rational choice theory departs from the founding principles of classical liberal markets and government. Neoliberal theory negates side constraints, deontic commitments, and due process. Classical liberalism depends on the no-harm principle and mutual respect for its defense of free markets and a minimal state. Neoliberalism cannot define harm; even if actors agreed on a standard of harm, still they would advance their self-interest at the expense of others, breaking agreements and free riding whenever possible.

This chapter's final section provides an overview of how neoliberal theory starts with the minimal assumptions of strategic rationality and attempts to derive a basis for a social order that roughly resembles modern free markets and democratic governance. Numerous rational choice theorists have viewed the challenge of achieving peace out of anarchy as a version of Prisoner's Dilemma under the assumption that every individual will seek self-benefit at a cost to others. Their solution is the introduction of incentives to mobilize individuals' compliance with laws. Although neoliberalism seems to offer a means to achieve stability, it differs from classical liberalism by normalizing the pursuit of gain at the expense of others and the implementation of governance through coercive sanctions, leaving little room for legitimacy and voluntary compliance.

The arc of *Prisoners of Reason* begins with the international relations nuclear security dilemma, then proceeds to the identical security dilemma proposed to underlie civil government, and ends with the similarly formulated question of how evolving life forms individually survive and achieve stable, resource efficient, equilibria. In each case, theorists have found that the Prisoner's Dilemma game represented a key decision problem confronting actors. This chapter's final section, "Neoliberalism and Nuclearism," articulates how orthodox game theory resonated with the *realpolitik* approach to international relations popular during the Cold War period. Exploring this overlap between game theory and international relations realism helps clarify the implications of applying the same assumptions to the structure of civil society.

DEFINING NEOLIBERALISM

The term *neoliberalism* is currently in vogue.⁷ At least since David Harvey published *A Brief History of Neoliberalism* (2007), there has been a mushrooming

⁷ Harvey's *Neoliberalism* was published by Oxford University Press, 2007; see also Henry A. Giroux, *The Terror of Neoliberalism: Authoritarianism and the Eclipse of Democracy* (London: Paradigm Publishers, 2004), on Carter, see 22–23; for a more recent overview of the field of inquiry, see Mathieu Hilgers, "The Three Anthropological Approaches to Neoliberalism," *International Social Science Journal* (2010) 61:202, 351–364, and his "The Historicity of the Neoliberal State," *Social Anthropology* (2012) 20:1, 80–94. Oxford University Press published *Neoliberalism: A Very Brief Introduction* by Manfred B. Steger and Ravi K. Roy, 2010. See also Pierre Bourdieu, *Acts of Resistance: Against the Tyranny of the Market* (New York: New Press, 1999); and Michel

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inquiry into the nature of the practices constituting late-modern political economy, often dated to the late 1970s when President Jimmy Carter appointed Paul Volcker to chair the Federal Reserve Bank and actively promoted policies of deregulation. Following the planned economy of the New Deal and World War II, and the ensuing fiscal Keynesianism, public choice theorists supported a renewed enthusiasm for the power of markets to solve social problems and generate prosperity.⁸

This late twentieth-century incarnation of capitalism, associated with Margaret Thatcher, Ronald Reagan, Deng Xiaoping, and later John Williamson's 1989 Washington Consensus, has come to be referred to as neoliberalism.⁹ Harvey argues that neoliberalism, as a mode of discourse, has become hegemonic, producing "pervasive effects on ways of thought to the point where it has become incorporated into the common-sense way many of us interpret, live in, and understand the world."¹⁰ Neoliberalism, he explains, argues that "the social good will be maximized by maximizing the reach and frequency of market transactions" and thus "seeks to bring all human action into the domain of the market."¹¹ Michael Sandel draws attention to similar concerns in his recently published book *What Money Can't Buy: The Moral Limits of Markets*.¹² His argument, that the contemporary practice of monetizing all value displaces moral and other-regarding dimensions of action,

Foucault, *The Birth of Biopolitics: Lectures at the Collège de France, 1978–1979* (Lectures at the Collège de France, Picador Reprint Edition, 2010). For a theoretical analysis of the distinction between a classic liberal and neoliberal author, see Javier Avanzadi, *Liberalism against Liberalism: Theoretical Analysis of the Writings of Ludwig von Mises and Gary Becker* (London: Routledge, 2006). On the contrast between neoliberalism and neoconservatism, see Wendy Brown, "American Nightmare Neoliberalism, Neoconservatism, and De-Democratization," *Political Theory* (2006), 34:6, 690–714. For a skeptical position on neoliberalism, see Rajesh Venugopal, "Neoliberalism as a Concept," *Economy and Society* (2015) 44:2, 165–187.

⁸ Some observers view the return to a pro-market orientation in opposition to the legacy of the New Deal and Keynesian economics as neoliberalism and point to Friedrich Hayek and Milton Friedman as paving the way. See Philip Mirowski and Dieter Plehwe, eds., *The Road from Mount Pelerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA: Harvard University Press, 2009); see also Angus Burgin, *The Great Persuasion: Reinventing Free Markets since the Depression* (Cambridge, MA: Harvard University Press, 2012). My analysis associates the unification of *Wall Street Journal* Republicanism and traditional religion with neoconservatism and reserves the term "neoliberalism" for a secular approach to political economy and security; the term "*Wall Street Journal* Republican" is taken from Francis Fukuyama, *End of History* (New York: Free Press, 2006); Hayek is committed to the rule of law, which connotes a legitimacy distinct from the mere positive treatment of law consistent with the rational choice approach to liberalism. On public choice theory, see S. M. Amadae, *Rationalizing Capitalist Democracy* (Chicago: University of Chicago Press, 2003), 133–155.

⁹ John Williamson, "Democracy and the 'Washington Consensus,'" *World Development* (1991) 21:8, 1329–1336.

¹⁰ Harvey, *A Brief History of Neoliberalism*, 2007, 3.

¹¹ Ibid.

¹² Michael Sandel, *What Money Can't Buy: The Moral Limits of Markets* (New York: Farrar, Straus, Giroux Reprint edition, 2013); for commentary, see Thomas L. Friedman, "This Column Is Not Sponsored by Anyone," *New York Times*, May 13, 2012, SR13.

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resonates with the thesis explored in *Prisoners of Reason*: that the exhaustive application of game theory and rational expectations as our orthodox understanding of rational action effectively distills out ethical action, other-regarding considerations, and the ability to voluntarily cooperate in groups.¹³

Neoliberalism has a number of agreed-upon facets. All value is commodified and financialized.¹⁴ Work and gradual wealth accumulation are replaced with speculation, risk management, and casino finance.¹⁵ Elite institutions spread the ethos of neoliberal agency and public policy.¹⁶ Citizens experience an increasing disparity in access to resources, income, and wealth. Consumers accept the inevitability that there are winners and losers, counter to the belief that markets will bring progressively improving living conditions for everyone.¹⁷ Experts denounce the possibility for collective action and meaningful democratic will formation, or even the existence of a public interest.¹⁸ Government and business incentivize compliance with performance metrics and regulations formulated to achieve social order.¹⁹ Individuals experience responsibility in terms of pay-as-you-go access to conditions necessary to sustain life.²⁰ Entrepreneurs accept predatory practices to promote profit, circumventing mutual exchange.²¹ New practices of coercive bargaining are resolved through binding arbitration and debt bondage instead of public courts of justice and normative conduct oriented toward mutual exchange and reciprocal respect.²²

¹³ For a complementary treatment, see Daniel T. Rodgers, “Rediscovery of the Market,” in *Age of Fracture* (Cambridge, MA: Belknap Press, 2012), 41–76. See also Debra Satz, *Why Some Things Should Not Be for Sale: The Moral Limits of Markets* (New York: Oxford University Press, 2010).

¹⁴ Discussed by Hilgers, “Historicity of the Neoliberal State,” 2012, 84–85; Harvey, *Neoliberalism*, 2005, 3, 33, 165–172. For recent and comprehensive treatment of neoliberalism that makes similar points, see Wendy Brown, *Undoing the Demos: Neoliberalism’s Stealth Revolution* (New York: Zone Books, 2015); on financialization of all value, see 63–78.

¹⁵ Discussed by Hilgers, “Three Anthropological Approaches,” 2011, 353–354.

¹⁶ *Ibid.*, 359–360.

¹⁷ A central theme in studies of neoliberalism is the increasing disparity of wealth in addition to the politics of wealth accumulation through dispossession. See Harvey, *Neoliberalism*, 2007, 31–35.

¹⁸ Theme of Giroux, *Terror of Neoliberalism*, 2004; see also Harvey, *Neoliberalism*, 2007, 66.

¹⁹ See Hilgers, “Three Anthropological Approaches,” 2011, 356; there is an acknowledgment that rules of law are the product of interests, but there is also a sense of the inevitability of positive law and the power underlying the promotion of self-interest, e.g. Harvey, *Neoliberalism*, 2007, 77, 203. See also Brown, *Undoing the Demos*, 2015, 115–150.

²⁰ This is consistent with a neo-Darwinist approach to social policy that resonates with Richard Dawkins’s *Selfish Gene* (Oxford: Oxford University Press, 1976). See also Hilgers, “Three Anthropological Approaches,” 2011, 356; Hilgers, “Historicity of the Neoliberal State,” 2012, 85–86; and Brown, *Undoing the Demos*, 2015, 131–134.

²¹ See, e.g., Harvey, *Neoliberalism*, 2005, 36; see also G. A. Cohen, *Why Not Socialism?* (Princeton, NJ: Princeton University Press, 2009). See also Charles H. Ferguson, *Predator Nation: Corporate Criminals, Political Corruption, and the Hijacking of America* (New York: Crown Business, 2012).

²² On the acceptance of encumbered debt that is essentially permanently unresolvable, see Hilgers, “Historicity of the Neoliberal State,” 2012, 83–84; on the rise of binding arbitration, see the documentary, *Hot Coffee* (2011), directed by Susan Saladoff.

Some researchers have traced the origins of neoliberalism to Friedrich Hayek, the Mont Pèlerin Society, and the Chicago school of economics.²³ Both critics and proponents of the turn to privatization and free market solutions seem unclear about whether there is anything new in contemporary forms of capitalism. Consider, for example, Harvey's definition that "the neoliberal state should favour strong individual property rights, the rule of law, and the institution of freely functioning markets and free trade."²⁴ There seems to be little to differentiate this contemporary confidence in the power of markets to empower individuals through choice from the classical liberal idea of self-determination through the exercise of private property rights.²⁵ Harvey's definition leaves vague what makes neoliberalism distinct from Adam Smith's original *laissez-faire*.²⁶

The two current extremes in addressing neoliberal political economy are either to define it in such a way that its core principles seem indistinct from eighteenth- or nineteenth-century *laissez-faire*, as Harvey does or to use the term as a multi-purpose critique for varying forms of oppression. Mathieu Hilgers voices such a caution, noting that "the term 'neoliberalism' has no single definition on which all agree . . . it is used by alterglobalisation activists, within political debates and also as a scientific term by some academic researchers."²⁷ Hilgers contrasts the use of "neoliberalism" as a critique of runaway market enthusiasm with the neoliberal institutionalist school of international relations, which has its own distinct methodology and terminology.

Prisoners of Reason argues that a key feature unifying neoliberal theories, institutions, and practices is game theory, first articulated by John von Neumann and Oskar Morgenstern in their now famous *Theory of Games and Economic Behavior* (1944). Gesturing toward this thesis, Daniel T. Rodgers writes in his recent *Age of Fracture*, "Market ideas moved out of economics departments to become the new standard currency of the social sciences. Certain game theory

²³ See the edited collection by Mirowski and Plehwe, *The Road from Mont Pelerin*, 2009. See also Burgin, *The Great Persuasion*, 2012. For a counterargument that the center of gravity of the neoliberal movement is the Virginia School rather than the Mont Pelerin Society or the Chicago school, see Nancy MacLean, *Chaining Leviathan: The Decades-Long Plan of the Radical Right to Shackle Democracy* (New York: Viking, forthcoming).

²⁴ Harvey, *Brief History of Neoliberalism*, 2007, 64.

²⁵ For an analysis of how markets have come to be associated with freedom, see Eric MacGilvray, *Market Freedom* (Cambridge: Cambridge University Press, 2010).

²⁶ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 vols., ed. by R. H. Campbell and A. S. Skinner (Indianapolis: Liberty Fund, 1976); for commentary on variations between the rational choice approach to liberalism and Adam Smith's, see Amadae, *Rationalizing Capitalist Democracy* 2003, 193–219; and S. M. Amadae, "Utility, Universality, and Impartiality in Adam Smith's Jurisprudence," *Adam Smith Review* (2008) 4, 238–246.

²⁷ Hilgers, "The Three Anthropological Approaches," 2010; and his "The Historicity of the Neoliberal State," 2012, 20, 80–94; quote is from Hilgers, "Three Anthropological Approaches," 352. On the term's plural applications with an extensive literature review, see Rajesh Venugopal, "Neoliberalism as a Concept," *Economy and Society* (2015) 44:2, 165–187.

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set-pieces – the free-rider problem, the prisoner’s dilemma, the tragedy of the commons – became fixtures of common sense.”²⁸ Rodgers points out how game theory offers the intellectual infrastructure for contemporary economic analysis. Rational choice theory assumes that actors maximize expected gain and compete with one another strategically.²⁹ The integration of game theory and rational expectations into economic science marks a new period in the history of economic thought sequential to both the initial classical period from Adam Smith’s *Inquiry into the Nature and Causes of the Wealth of Nations* (1776) to Karl Marx’s *Das Capital* (1867–94) and to the subsequent neoclassical period encompassing William Stanley Jevon’s *Theory of Political Economy* (1871), Vilfredo Pareto’s *Manuel of Political Economy* (1906), and Lionel Robbins’s *Nature and Scope of Economic Science* (1932).³⁰

The ideas of game theory are historically unprecedented and have justified, and rendered plausible or even inevitable, the iconoclastic features of neoliberalism.³¹ The financialization of all value is consistent with game theory but not with classical or neoclassical economics.³² Collective action, public

²⁸ Daniel T. Rodgers, *Age of Fracture* (Cambridge, MA: Harvard University Press, 2011), 10. Amadae, *Rationalizing Capitalist Democracy*, 2003, argues that the belief that rational choice theory emerged from within the discipline of economics is a common misunderstanding. Richard Tuck, *Free Riding* (Cambridge, MA: Harvard University Press, 2008) argues that free riding is, indeed, a relatively new “commonsense” intuition not sustained in earlier periods of thought.

²⁹ Von Neumann and Morgenstern articulate the basic mathematical arguments of game theory and mainly study two-person zero-sum games in which the total value gained is conserved. Their extension of game theory to non-zero-sum games assumes the same concept of value as that developed for zero-sum games: *Theory of Games and Economic Behavior*, 60th anniversary edition (Princeton, NJ: Princeton University Press, 2007); note the subtitle to Roger B. Myerson’s *Game Theory: Analysis of Conflict*, 1991.

³⁰ For analysis of the paradigmatic shift from neoclassical economics to game theory, see Amadae, *Rationalizing Capitalist Democracy*, 2003, 220–250; Philip Mirowski, *Machine Dreams: Economics Becomes a Cyborg Science* (Cambridge: Cambridge University Press, 2002).

³¹ The pioneers of game theory were acutely aware that they were contributing a new method for economics and social science. See von Neumann and Morgenstern, *Theory of Games*, 2007, 1–45; Luce and Raiffa, *Games and Decisions*, 1958, 1–11.

³² To see this, consider how Lionel Robbins argued that economics is concerned with scarce resources that serve as means to ends and that money can only ever be a means and not an end, *Essay on the Nature and Significance of Economic Science*, 2nd ed. (London: Macmillan, 1962). Classical political economists viewed the cost of subsistence as the basis from which to evaluate profit and surplus value. See Istvan Hont and Michael Ignatieff, “Needs and Justice in *The Wealth of Nations*,” in their edited collection *Wealth and Virtue: The Shaping of Political Economy in the Scottish Enlightenment* (Cambridge: Cambridge University Press, 1983), 1–44. By contrast, according to contemporary economics, “Trade-offs can be struck between competing ends . . . choices must be made. Even if environmentalists ruled the world, difficult choices would have to be confronted – and, working backwards from those choices [using revealed preference theory], made according to whatever criteria, it will always be possible to calculate economic values . . . trade-offs, measurable in dollar terms, had in fact been struck” (“Economic Focus,” 2002, 82). Expected utility theory, with its requirement that all outcomes be ranked on a single scale, and its application to empirical phenomena via the identification of a salient tangible property, often introduces a monetary metric as the default against which all value is ascertained; see, e.g., Myerson, *Game Theory*, 1991, 3–25.

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interest, voluntary cooperation, trades unions, social solidarity, and even voting are all irrational according to rational choice theory.³³ Consent is rendered superfluous because knowledge of an individual's preferences over all possible outcomes makes it possible to deduce what that individual would choose to do "in every situation which may conceivably arise."³⁴ The invisible hand of classical political economy and general equilibrium theory becomes an old-school myth that must be countered by the backside of the invisible hand via coercive sanctions.³⁵ Given the way that incentive schemes function in game theory such that *everything* of value to an agent must be reflected in a common metric, such as money, food calories, energy, time, and information, non-scarce resources such as integrity and trust are treated as though they were costly and finite.³⁶ This results in a mentality whereby every decision is evaluated on a cost-benefit analysis basis of how it promotes individual interest in accordance to a fungible rewards scheme. It thus becomes rational to cheat if one can do so without getting caught.³⁷ Instead of one market-clearing, public price that

³³ This is proven by Kenneth J. Arrow's *Social Choice and Individual Values*, 2nd ed. (Yale University Press, 1970). For discussion, see Amadae, *Rationalizing Capitalist Democracy*, 2003, 83–154; for technical discussion, see Tuck, *Free Riding*, 2008; for a critique internal to the rational choice paradigm, see Elinor Ostrom, *Governing the Commons* (New York: Cambridge University Press, 1990).

³⁴ Von Neumann and Morgenstern, *Theory of Games*, 2004, 31; this permits Richard Posner's equation of *ex ante* and *ex post* consent, see *Prisoners of Reason*, Chapter 8.

³⁵ For this analysis and vocabulary, see Russell Hardin "The Back Side of the Invisible Hand," *Collective Action* (Resources for the Future, 1982), 6–15; see also Geoffrey Brennan and Philip Pettit, "Hands Tangible and Intangible," *Synthese* (1993) 94, 191–225.

³⁶ "A prize [payoff] in our sense could be any commodity bundle or resource allocation. We are assuming that the prizes in *X* [total set of possible outcomes or payoffs] have to be defined so that they are mutually exclusive and exhaust the possible consequences of the decision-maker's decisions. Furthermore, we assume that each prize in *X* represents a complete specification of all aspects that the decision-maker cares about in the situation resulting from his decision" [emphasis added]; realizable utility is finite and bounded, see Myerson, *Game Theory*, 1991, 7–8, 13. This covers the requirements for each individual's single scale ranking over all conceivable outcomes; for this metric to be common across actors (although not assuming that a certain number of units on this metric have equivalent experiential utility for various actors), agents must base evaluation on a common unit of measurement, and "for many situations money serves this purpose," Luce and Raiffa, *Games and Decisions*, 1958, 145; see also Myerson, *Game Theory*, 1991, 3; for discussion, see Anatol Rapoport, *Fights, Games, and Debates* (Ann Arbor: University of Michigan Press, 1960): "The real difficulty is to define and estimate 'utilities,' which game theory simply takes for granted. Except where money or some other easily measurable commodity can be taken to be equivalent to utilities or at least related to utilities in an ascertainable manner, the determination of utilities or even a proof of their existence is a most difficult matter," 164, 180–194; and von Neumann and Morgenstern, *Theory of Games*, 2004, 20–24.

³⁷ In rational choice scholarship, the principles of commitment, honesty, and integrity can only be evaluated on a cost-benefit analysis basis, thereby losing intrinsic significance. See Amartya K. Sen, "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory," *Philosophy and Public Affairs* (1977) 6:4, 317–344. See also Daniel Hausman and Michael McPherson, *Economic Analysis, Moral Philosophy and Public Policy*, 2nd ed. (Cambridge: Cambridge University Press, 2006), 72. For an experimental critique of the rational incentives