



Comment

Awards as norms

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Just for a handful of silver he left us
Just for a riband to stick in his coat.

Poets don't usually think like economists. In this quotation, however, the 19-century English poet Robert Browning neatly encapsulates Bruno Frey's theme. The poem denounces Browning's contemporary Wordsworth for abandoning his youthful liberalism and accepting the position of poet laureate. To illustrate what might now be called 'selling out', Browning puts in one hand, the pieces of silver; in the other, the civil honour represented by a ribbon. With many modern awards, the connection between compensation and award is often as clear. Nobel prizes, including those for poetry, bring with them substantial sums of money. Olympic awards are not just ribbons or even a handful of gold, but (since the end of the amateur era, at least) the ticket to sponsorships and appearance fees.

Frey's attention to these kinds of compensation is timely. Changes in the economy have made some conventional incentives – in particular, executive compensation – increasingly 'perverse'. Elsewhere, the tendency for compensation through intellectual property to extract exorbitant rents and exert undue control has caused significant concern, leading to, among other things, the Open Source software movement. Here financial compensation, if any, is usually indirect and mostly insignificant. Compensation through name recognition and status, evidently adequate for many people doing high-quality coding, provides alternative, low cost, and apparently efficient awards.¹ The success of Open Source software has prompted scholars (Weber, 2004; Benkler, 2006), to suggest that the model may be applied well beyond software. If they are right, the sorts of 'non-material' compensation Frey highlights will deserve increasing attention.

Yet Browning's couplet also raises the question whether the two – silver and ribbon – are functionally indistinguishable? Might the two play overlapping but not wholly identical roles (hence Wordsworth received both)? To put this another way, when Frey tells us at the outset 'Awards are non-material, extrinsic compensation', he provokes us not into doubting his assertion, but into asking whether that is all awards are. Are there other

roles that awards play that do not fit into the category of compensation? Frey does not deny this possibility as far as I can tell. His paper seems agnostic towards other roles for awards. As he has addressed the economic questions so thoroughly beyond the limits of my competence, I will try to tease out these other functions, arguing that there are roles – what I think of as normative and propaganda roles – that awards sometimes play which are not quite accounted for by the economic notion of compensation. None of this, I should say at the outset, detracts in any way from Frey's argument. At best, it merely complements his case.

To make my slender point, it's helpful to begin where Frey's economic argument leads him, with the principal-agent relation. This helps illuminate the economic nature of awards. A little knowledge of Wordsworth's life, however, makes it hard to think of the relation between the aging Wordsworth and the young Queen Victoria as one of agent and principal. To avoid the historical complexities of this claim, consider instead the award of the OBE (Order of the British Empire, an award Frey discusses) by the aging Queen Elizabeth to the young David Beckham in 2003. The award appears to have been well received by both Beckham and the British public. But no one seems to have felt that Beckham's football to that point was played with the OBE in mind, which, once granted, provided compensation. Nor does it appear to be widely held that the award was an 'incomplete contract' aimed to modify Beckham's later behaviour – encouraging him to play better football (he didn't), or dissuading him from joining a foreign team or sleeping with the help (it didn't). More generally, there doesn't seem to be much of a principal-agent relation between the queen and the football player. None of this argues that the award had no purpose. Only that its purpose was probably not, to my mind at least, to provide compensation or address Beckham's utility function. As we understand this award better, I suggest, the principal and the agent may be harder to identify, while Beckham himself may appear almost as an externality. I shall return to this in a moment.

Although there is a medal that comes with the OBE and its cousin the MBE, for those who do not wear court dress, the most usual form of display comes just as an acronym after a name. As such, that award, like the French *legion d'honneur*, seems very slender thread, hardly robust

enough to hold compensation. Again, this odd character of awards has not escaped the poets. The great 17th-century English poet Andrew Marvell opened his poem on gardens with the rumination:

How vainly men themselves amaze
To win the Palm, the Oak, or Bays

In the context of leaf-strewn gardens, the wreaths of palm, oak, or bay laurel leaves that Marvell alludes to seem particularly insubstantial and remind us that these awards for military, political, sporting, or artistic achievement can be so ‘non-material’, in Frey’s term, that their compensatory role is elusive. Nevertheless, such awards have a long and apparently effective history, going back at least to ancient Greece and Rome. Julius Caesar is traditionally shown wearing a laurel wreath, earned at his victory of Munda in 45 bce. The leaf-awarding tradition still survives, though much attenuated, in the oak leaves found on many military medals or even in the modern term *laureate*. Given the selectivity involved, the pursuit of such high-end awards is for most in vain, yet, as Marvell’s pun suggests, given the insubstantial character of the reward, there is a certain vanity even for those who do win.² Nonetheless, as Napoleon famously noted about the *legion d’honneur*, men will go into battle for such toys. But do they fight because the medals awarded in such circumstances are compensation? That seems to stretch our knowledge of human greed almost out of recognition.³

Like Caesar’s bays, most military awards are noticeably insubstantial. But we should first acknowledge that, here as elsewhere, awards admit of a remarkable variety that Frey’s essay and the notion of compensation does not readily embrace. Many military medals, of course, are far less selective than Caesar’s bays. Some (regimental insignia) come for joining up; others (campaign medals) for turning up. Some are indicators of rank or long service. Comparatively few, by contrast, are awards for valour. And some may perhaps be seen primarily as recognition of ill luck. (Frey, by the way, misses these last two distinctions when he argues that the scarcity of Purple Heart medals in George Washington’s army and their current proliferation are signs of falling standards. The original version was given for extreme bravery. If the standard for what counted as ‘extreme’ was set high, and in Washington’s day it was, then the number of medals given were few and the awards rare. By contrast, the contemporary version, introduced in the 1930s, is for those unlucky enough to be wounded or killed. In this case, the donors have only limited control over the number given. The standard is not lower, just different and the proliferation beyond the control of the donor). If all these military awards are compensation, this range suggests at least that there may be different kinds of compensation.

To take the last two – medals for bravery and for injury – again, one is given for what we might think of as admirable behaviour; the other primarily for misfortune. In the latter case, compensation for injury and bereavement may also be offered, but that, like Browning’s silver, is perhaps distinct from the medal and ribbon, which honour the sacrifice in another way. It seems odd to cast medals for valour as incomplete principal-agent contracts. Incomplete, *post-facto* contracts seem particularly odd in the case of posthumous medals for valour. I think of these

identifications as odd, not because they are crass (economists are understandably inured to such sentimental complaints), but because they too seem incomplete. Indeed, one function of medals for valour not explained in this accounting would seem to be to acknowledge that whatever the motivation leading to the medal, it was explicitly not compensation, but honour, patriotism, duty, camaraderie, or the like.⁴

Indeed, signalling that compensation (in the economic sense) was not the central issue might seem to be a particular, if peculiar, role awards can play. There is, for example, an absurd urn of ‘ashes’ for which English and Australian cricket teams have played ferociously for a hundred years. No one is quite sure what the ashes are ashes of, or even if they are the original ashes for which the urn was built. Furthermore, even though the awkward distinction between the (amateur) ‘gentlemen’ and (professional) ‘players’ has long passed from English cricket and compensation is high in the mind of modern players, the intensity of the competition for these ashes (which are never owned by the winner) seems disproportionate to the ashes compensatory capabilities.

In considering the creation of an urn of ashes as a trophy or the various sporting cups and belts and plates that remain the property of the donor rather than the winner, inadequacy as compensation would seem to be important. We might better understand why this was important if we look at the period when international cricket competition between England and Australia and those ashes emerged. (Frey is rather vague about the history and historiography of awards.) The late 19th century was a remarkable time for sporting awards. The modern Olympics began in 1896, a little earlier international rugby developed and with it such awards as the ‘Calcutta Cup’, awarded to the victors of the annual game between England and Scotland though never becoming the victor’s property. The English Football League and FA cup were also established in the same period. Simultaneously and probably not coincidentally, struggles developed among and within these different sports over professionalism (abhorred in the Olympics and rugby union; embraced in football and rugby league; straddled in cricket). Such struggles gave extra significance to awards like the ashes, which determinedly said to the public that compensation was not the reason the game was played.

In contemplating the role of awards, this particular period is instructive. Along with the sporting contests noted above, awards of all sorts flourished around the *fin de siècle* and the early years of the century (English, 2005). The original Nobel prizes were established in 1895 and first awarded in 1901. In 1903, the Prix Goncourt was set up, the Pulitzer Prize was first written into Joseph Pulitzer’s will in 1904. This curious juxtaposition of sporting and intellectual awards seems linked less to notions of compensation than to increasing waves of internationalization in different areas of life and the demand for internationally comparative (and competitive) standards.⁵

Here it’s important to note a distinction between the two broad types of award outlined above. Sports (with perhaps the exception of cricket) elicit clear winners. Who gets the award is thus generally uncontroversial. As I’ve suggested, what might need clarifying are the motives for which the

game was played, particularly in those games not played for financial compensation. (This urgency has some parallels with the current need to signal that sports, even professional ones, are not played under the influence of performance-enhancing drugs.) By contrast, judging scientific, artistic, and literary achievement is hard and highly subjective.⁶ These kinds of prize, then, may not recognize the self-evident achievement of success so much as define in conditions of uncertainty what success might be. Judges deliberate not for the sake of the recipient – the classic principal–agent relation – so much as for the sake of the field. Such subjective awards play out their role in a highly complex social and societal context, often being taken as a reflection on society more broadly and resistant to the methodologically individualizing tendencies of economic analysis. (Thus, a Nobel Prize for literature given to a writer like Elfriede Jelinek can cause outrage among people who know little about the field itself, while an award given long ago to someone like Pearl S. Buck might baffle even those who do know the field.) With this kind of award giving, a particular field or society in general may be reflecting primarily on itself. Social reflection is particularly evident in highly national prizes, the Booker, the Turner, or the Goncourt.

Such social introspection is also evident in civil awards, whereby the leaders of a society pass judgement on appropriate social behaviour – even though that behaviour is compensated (and sometimes very well compensated) elsewhere. The modern British honours system (including the OBE and MBE already mentioned) falls into this category. Here we should not overlook the fact that while some of the British ‘Orders of Chivalry’ (the ‘Garter’, the ‘Thistle’, and the ‘Bath’, which Frey mentions) have long histories, the bulk were created during the remarkable period of creation mentioned above: The Royal Victorian Order in 1896, the Order of Merit in 1902, and the Companion of Honour and the Orders of the British Empire in 1917. If we do consider these primarily as compensation, it is perhaps incongruous that, as became clear almost as soon as the last were set up, people are evidently willing to pay quite high sums to get them. Frey, who is generally admiring of the British award system, overlooks not only the ‘cash for honours’ scandal currently encircling Tony Blair, the British prime minister, but its earlier incarnation, which encircled the prime minister who established the awards, David Lloyd George. I suspect that people are willing to pay (and risk penalties) for such awards not because they offer compensation (as if they were to be bought like an annuity), but because these awards express something that is not entirely captured by standard notions of compensation.

If we set aside the corrupt aspects of these awards, it is noticeable that of those who win them honestly, the figures that catch the headlines (the Beckhams and Beatles of the ‘honours lists’) are generally anything but undercompensated. In such cases at least, these recipients may, as I have suggested, be little more than an externality. The primary relationship falling between the donor and his or her constituents at large.⁷ Awards, that is, are often, in the fictional words of Admiral Byng, *pour encourager les autres*. Civil awards seem particularly well designed to recognize or to recommend (but not particularly to compensate for)

certain kinds of behaviour. Such awards are then playing a normative role, but the people to whom behaviour is recommended are not the recipients of the awards. Hence awards (unlike compensation generally) still fulfil this role when given posthumously. To me at least, the canonization of Mother Teresa discussed by Frey or the awarding of posthumous medals noted above fit uneasily into the category of ‘incomplete contracts’ but do quite nicely as normative signalling. Mother Teresa’s was behaviour, the Vatican was saying, we should admire or emulate. Or even more broadly, beggars are people whose lives we should ameliorate.

Further, as the glory of sainthood shone not only on the saint but on the pope, we should note that awards are an area where it may often be better to give than to receive. Award can be used to reflect more on the donor than on the recipient. Beckham’s OBE or the Beatles MBEs hardly look like principal–agent contracts between the Crown and the recipients. Thus, it strikes me as mistaken to condemn out of hand, as Frey does, the British Prime Minister Harold Wilson for his expansive honours lists. Most noticeably in the case of the Beatles, but evidently in many of his other nominations, Wilson was deliberately broadening the pool of recipients of civil honours. In so doing, he not only acknowledged changing mores publicly, but also indicated that, in response, the British government and the monarchy were changing too.

We can see this triangular relationship with many awards. Rather than picking out unsung individuals who deserve compensation, awards often represent attempts by donors to draw attention to themselves and their businesses. The Academy Awards keep attention on the movie business (and shower major US newspapers with lavish advertising income for a couple of months) by giving awards to generally well-compensated figures. The Booker prize seeks less to get novelists to write more or better than to draw attention to Booker McConnell. *Time* magazine’s perennial man- or woman-of-the-year issue resembles less an incomplete contract between *Time* and a man or woman (after all, in 1982, this was the personal computer) and more *Sports Illustrated*’s swimsuit issue, a venue for voyeurs or, in the case of the 2006 award, narcissists. BBC’s sports men- or women-of-the-year/decade/century awards are similarly designed to attract attention to the BBC and help justify its license fee. More generally, the wild proliferation of televised award ceremonies in the United States is more a search for viewers (and hence advertising revenue) than for unappreciated or undercompensated celebrities.

Remarkably, English (2005) notes that the growth of awards for both movies and books has far outstripped the growth in the production of either movies or books. Since 1990, there have been more new awards for feature films than new feature films. This growth would appear to violate Frey’s proposition 3 and suggest that the proliferation of small awards is counterproductive, damaging the awards system as a whole as well as donors large and small. And yet the awards continue to grow and no one seems particularly damaged. Why not? Again I suggest it is because, while awards may often act as compensation, they do not always do so. Their roles point us to a curious paradox in Frey’s abstract. Awards, he notes, ‘have so far not received much

attention'. He is of course right in thinking that awards have not received much economic attention and he deserves applause for providing that attention. But he overlooks that many awards are designed exactly to receive attention. In their normative role they are a kind of propaganda (which is why the Catholic Church, which gave us that term, and its canonizations are indeed a particularly apt example). In their commercial role, they are close kin to propaganda, a form of advertising.

So, when Michael Jackson was given the Doris Day Award for Animal-Sensitive Work it is unlikely that it was he who felt well compensated or who appreciated the publicity. Equally, it is improbable that Peter Jackson, director of *Lord of the Rings*, felt contractually constrained, however incompletely, by the trilogy's award from the Seattle Film Critics or that the author John Updike fell into a principal-agent relationship when receiving the Campion Award for contributions as a Christian Writer. In such cases, the true recipient of the honour, celebrity, and publicity is, paradoxically but surely, the donor. We can only understand such awards, this suggests, if we look beyond principals offering compensation and agents receiving it and think instead of the intricacies of normative propaganda in a broader context. So my propositions would hold that awards can signal when compensation was not the issue, they can help set up comparable and competitive standards, they can help organizations and societies reflect upon and draw attention to themselves, and, in all these roles, they can play important normative, propaganda role exhorting in a noncontractual fashion not the recipient, but others, to modify their behaviour.

None of these remarks undermines Frey's core argument. This is rich with insight and intriguing in its attempt to use economic tools in unconventional settings. When we take awards in the round, however, with all their variation across time, places, domains, and institutions, they seem to me at least to escape the bounds of the economic categories – compensation, principal-agent, incomplete contract, utility function – that Frey proposes. His eight propositions no doubt fit well in certain cases, particularly those cases – such as employee-of-the-week award – where the donor and recipient are already constrained by market, compensatory, principal-agent relations. Moving onto a larger stage of civil awards and celebrity prizes, the tight, binary principal-agent coupling may be too narrow and the factors to be explained too broad. The handful of silver and the ribbon may overlap, but functionally they remain distinct.

Notes

- 1 It is an almost universal Open Source rule that contributions are signed and that the coders' name travels with the contribution. Firms like Red Hat pay the programmers working for them, and many commercial firms like Apple, Yahoo, and Google, as well as universities, pay people writing Open Source code. Code produced in these circumstances is sometimes signed with the name of the institution and not the coder, suggesting that financial compensation may trump name recognition.
- 2 According to Suetonius, Caesar was doubly vain, wearing his laurels both to signal his status and to hide his balding forehead.
- 3 Economists celebrate Milton Friedman for suggesting to General Westmorland that armies are inherently mercenary (DeLong, 2006). While I am no fan of Westmorland, I tend to side with his inference that there are non-mercenary armies. The distinction mercenary/non-mercenary, that is, does some work. Further, I suspect that a mercenary accounting would not explain the role of Caesar's laurels or Napoleon's *hochets*.
- 4 I'm aware that we can define these different motives in terms of a 'utility function'. I'm not convinced, however, that it helps to do so.
- 5 Concerns over 'quality' in different arenas may also have contributed. Though it may seem profane to some, the Olympic medal and the Nobel medal may have roots in those various medallions given at international expositions and fairs in an attempt to stamp quality on highly variable production processes, to establish national and international standards, and to denounce falsification.
- 6 Such awards are often contested, but most of the fights accept implicitly that there should be such awards. They tend to differ over who should get them. Those who rejected the famous Paris *Salon* of 1863, for example, formed the *Salon des Refusés*, indicating that they did not reject the idea of the Salon, but only its taste.
- 7 If we take the concept of 'constituent' quite literally here, it would almost seem that the constituent is the principal in this relationship, the donor more aptly the agent.

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