

ECSTATIC ECONOMICS

The Channel Keeps It

Reciprocity and the Gift Economy at Work and at Home

Ammanuel Santa Anna

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Reciprocity and the Gift Economy at Work and at Home

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A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

ABSTRACT

Half past five on a Thursday, a woman finishes a reconciliation that is not hers, and three weeks later it comes back to her unasked. This is the structure of that exchange: the three obligations Mauss found in 1925, what the laboratories measured since, and how a leader or a household can design exchange that people choose to return. Reciprocity and the gift economy at work and at home: twelve chapters, a tool in each, and a workbook.

CONTENTS

CHAPTER ONE The Economy Nobody Invoices 4

CHAPTER TWO The Gift Is Never Free 9

CHAPTER THREE When the Gift Becomes a Price 16

CHAPTER FOUR Reciprocity Is a Root System 22

CHAPTER FIVE The Five-Dollar Day, Reread 29

CHAPTER SIX The Warehouse That Paid More 35

CHAPTER SEVEN Communities That Kept the Gift 41

CHAPTER EIGHT The Field Manual: Thirteen Weeks 47

CHAPTER NINE Measuring What Is Given 55

CHAPTER TEN The Hard Conversations 62

CHAPTER ELEVEN The Household Is the Oldest Firm 69

CHAPTER TWELVE A Current, Not a Store 75

THE WORKBOOK The Workbook 81

NOTES References 95

CHAPTER ONE

The Economy Nobody Invoices

Half past five on a Thursday

Half past five on a Thursday, in an office that is emptying. A woman in finance is still at her desk, finishing a reconciliation that is not hers. Its owner is out with a sick child, and the numbers are due to the controller in the morning. Nobody asked her to do it. Nobody will pay her for the hour. If she does not do it, nothing in her contract will have been broken, and nobody in the firm will be able to say exactly what went wrong when the controller's report arrives a day late with a gap in it.

She does it. Three weeks later, when her own father is in hospital, the colleague whose child was sick takes her month-end close without being asked, and does it well. Neither of them writes this down. Neither of them would call it economics.

It is economics. It is, by some measures, the larger part of the economics of any organisation that works. The contract specifies the job. It cannot specify the thousand acts that make the job go well: the hour stayed, the draft sent early, the mistake caught in somebody else's spreadsheet, the new colleague shown where things are, the client's mood passed on before the meeting. Every one of those acts is a gift, in the exact sense the anthropologists gave the word a century ago. It is offered without a contract. It is received, or not. And it is returned, later, in a different form, or it is not, and the difference between those two outcomes is the difference between a team that holds and one that slowly comes apart.

This book is about that economy: the one nobody invoices.

What the book claims

The claim of the book can be put in one sentence, and the rest of it is the evidence and the practice. Reciprocity is not the soft part of economics. It is a structure, with rules as exacting as any contract, and a leader or a household that learns to read those rules can design exchange that people return with interest of their own choosing.

Each half of that sentence is doing work.

The first half corrects a mistake made from two directions. The hard-nosed version of the mistake treats goodwill as decoration: pleasant when it is there, irrelevant to the numbers, and replaceable by a sufficiently clever incentive. The soft version treats it as the opposite of economics: a sphere of pure generosity, without rules, which business can only spoil. Both are wrong in the same way. They imagine that a gift has no structure. It has a great deal of structure. The French sociologist Marcel Mauss found, in 1925, that across every society he read about, gifts came bound by three obligations, to give, to receive and to return, and that breaking any of them had consequences as serious as breaking a contract. Seventy years later, experimental economists in Zurich and elsewhere measured the same obligations in laboratories and found that most people honour them, that many will pay out of their own pockets to defend them, and that they collapse in predictable ways when they are mishandled.

The second half of the sentence is the practical promise, and it is carefully limited. It does not say that a leader can make people reciprocate. Nobody can. A gift that is extracted is a tax. It says that exchange can be *designed* so that people choose to return it, and that the size and shape of what they return is theirs to decide. The book's tools are built for that design. None of them is a lever. All of them are ways of seeing what is already moving, and of not stopping it.

Why now

There are three reasons this is the moment for the book, and they come from three different directions.

The first is the shape of modern work. A growing share of what firms depend on cannot be specified in advance. Knowledge work, care work, creative work and service work all rely on judgement exercised in moments that no job description can anticipate. The more a firm's value lies in that kind of judgement, the more it lies in the economy nobody invoices. A factory in 1914 could, with enough supervisors, specify a good deal of what it wanted. A hospital ward, a software team or a catering kitchen in this decade cannot. Their output depends on what people choose to give beyond the minimum, and the minimum is not enough.

The second is the evidence. For most of the last century the economics of the gift lived in anthropology departments, and a business reader who wanted it had to translate. That has changed. Since George Akerlof's paper "Labor Contracts as Partial Gift Exchange" in 1982, and the experimental programme that followed it through the 1990s and 2000s, economists have measured reciprocity with the same instruments they use for prices. The findings are not all flattering to the idea. Some of the most famous results have faded on closer inspection, and Chapter 3 of this book sets out exactly which ones. But the core has held, and it is now possible to say with some precision what reciprocity does, where it fails, and what wears it down.

The third reason is what has gone wrong in the meantime. In the same decades that the evidence on reciprocity was accumulating, many organisations moved in the opposite direction. They introduced finer metrics, individual bonuses, tracking software, fines for lateness, rewards per suggestion. Each of these may

make sense taken alone. Taken together, they amount to a large, unplanned experiment in pricing what used to be given. One of the clearest findings in this book is that such experiments often reduce the very behaviour they were meant to increase, and that the damage can outlast the incentive. A leader who has spent a decade adding prices to a gift economy deserves to know what the research says about that.

Who the book is for

The book is written for three readers, and it tries to serve each without boring the others.

The first is a leader of people, at any scale: a chief executive, a head of department, a shift manager, the founder of a firm of twelve. She already knows that the best of her organisation's work is not in the contract. She may not have a vocabulary for it, or a way to measure it, or a way to argue for it in a room that wants numbers. This book gives her all three, and a sequence for putting them to work.

The second is a person who advises leaders: an organisational consultant, a human-resources director, a board member, a coach. He needs to know what the evidence will bear and what it will not, because he will be asked. Every claim in the book carries its source, and every source carries a sentence on what it cannot show.

The third is a household. Families, couples, friends who share a flat, grown children and their parents: these are the oldest gift economies there are, and they run into every problem a firm does, often with less room to recover. Chapter 11 is written for them, and most of the tools in the book work at a kitchen table with a change of two or three words.

How the book is built

The book follows the idea in a deliberate order.

Chapters 2 to 5 set out the idea and its evidence. Chapter 2 goes back to its origin, in Mauss's essay and in Akerlof's reading of a fair day's work as a gift, and corrects two myths that have grown up around it. Chapter 3 is the fair critique: the fine that increased lateness, the gift wage that wore off after the first few hours, the payment that nearly halved the supply of new blood donors among women, and the neurochemistry of trust that has not replicated well. Chapter 4 reads reciprocity as a living system, with roots, an immune response and a circulation that balances over seasons rather than rounds. Chapter 5 works the idea through Henry Ford's five-dollar day, a famous gift wage and one of the most ambiguous.

Chapters 6 and 7 are two deeper cases, both documented in public sources. Chapter 6 follows the wage gift at scale, through the warehouse retailer Costco and the comparison that the management scholar Wayne Cascio drew between it and its nearest rival. Chapter 7 goes to two communities that have kept a gift economy running far longer than any firm: the irrigators of the plain of Valencia, whose water tribunal has met in public for centuries, and the Japanese time-credit system for elder care known as *fureai kippu*.

Chapters 8 to 11 are the practice. Chapter 8 is a field manual: a thirteen-week sequence, week by week, with the roles and decisions written out so that a leader can run it. Chapter 9 is about measurement, which is the hardest problem in this subject, because the thing being measured is damaged by being measured clumsily. Chapter 10 is about the hard conversations: with a board that wants a business case, a union that suspects a trick, a partner firm, a sceptical colleague and a family. It includes scripts. Chapter 11 is the household chapter.

Chapter 12 closes the book with the living-systems reading of the whole, and one image to keep. The workbook at the end gathers every tool from every chapter in one place, with two ninety-day plans, one for a leader and one for a household.

Every chapter from 2 to 12 ends with a tool written out in full. They are meant to be used, and most take less than an hour.

Where the book stands in the house

This book is one of a series drawn from Ammanuel Santa Anna's *Ecstatic Economics*, which reads money and markets as living systems. That book makes a large argument: that modern economic life has been built on a belief in universal scarcity, that the belief lives in the body as much as in the mind, and that older and newer traditions alike point toward an economy grounded, in the book's words, "in flow rather than accumulation, in relationship rather than isolation, in sufficiency rather than craving, in reciprocity rather than extraction." This book takes one strand of that argument, the gift, and works it out in detail, with the evidence and the tools a leader needs.

Its sibling volumes take other strands. Elinor Ostrom's work on governing the commons (*The Pasture Was Never Empty*) shows how communities enforce the obligation to give back without a state or a market to do it. Karl Polanyi and Albert Hirschman (*The Embedded Market*) explain why markets pulled out of social relationship tend to wear that relationship down. The history of gainsharing (*The Gain Was Always Shared*) and the evidence on employee ownership (*Owning the Work*) follow what happens when the gift wage is made structural, so that the people who give effort share in the gain it produces. And the volume on scarcity as a design choice (*Enough by Design*) asks what changes when the goods that matter most are the ones that grow by being shared. Each of these is cited where it bears on the argument. All of them, and the rest of the house's work, are at hautelumiere.life.

What the book does not do

It is worth saying plainly what is not here, so that nobody buys the book for it.

It does not offer a formula for how much discretionary effort a given raise will buy. No such formula exists, and the evidence in Chapter 3 suggests that the search for one is part of the problem.

It does not promise results. The tools have been built from the research and tested against the cases, but every organisation and every family is its own system, and what is returned in one will not be returned in the same way in another. That is not a defect of the method. It is, as Chapter 12 argues, the nature of a gift.

It does not offer investment advice of any kind, and nothing in it should be read as a recommendation about any security, firm or fund.

And it does not romanticise. *Ecstatic Economics* is direct on this point, in its account of the gift traditions it draws on: "Gift economies were not utopias." The potlatch could be coercive. A gift can dominate as easily as it can bind. Chapter 3 and Chapter 5 spend a good deal of time on the gift that controls, because a leader who does not know what it looks like is likely to build one by accident.

The colleague at half past five

Go back to the woman at her desk on Thursday evening.

Everything this book has to say is already in that scene. The hour she stayed was a gift, with no contract behind it. Her colleague received it, which is the step most people forget. The return came three weeks later, in a different form, unasked: Mauss's third obligation, discharged. The firm benefited twice and recorded neither. And the whole exchange was fragile in ways that are easy to miss. A manager who had thanked the wrong person, or a bonus scheme that paid for hours logged, or a rota that made the second gift impossible, could have broken it without anyone intending harm.

That fragility is the reason for the book. The economy nobody invoices is also the economy nobody protects, because nobody is quite sure it is there. The chapters that follow are a way of seeing it, and of keeping it moving.

CHAPTER TWO

The Gift Is Never Free

A necklace that has to leave

On a beach in the Trobriand Islands, early in the twentieth century, a man holds a necklace of red shell discs. It is valuable, and everyone on the island knows its name and the names of the people who have held it. He will not keep it. Within a year or two he will hand it to a partner on another island, who will hand it on again, and in time it will travel the whole ring of islands and come back past him, going the other way round, as the armshells go round the other way, from hand to hand. The anthropologist Bronisław Malinowski described this circuit, the *kula*, in 1922, and the thing that struck him was that the most prized objects in the islands were prized precisely because they could not be held for long.[1]

Three years later the French sociologist Marcel Mauss read Malinowski's account beside reports from Polynesia, the Pacific Northwest, ancient Rome, India and Germanic law, and wrote the essay that founded the modern study of the subject. *Essai sur le don* appeared in *L'Année sociologique* in 1925.[2] Its subtitle asks about the form and reason of exchange in what Mauss, in the vocabulary of his time, called archaic societies. Its answer, stated plainly, is that a gift is never free.

That is the opposite of how the word is used now. A free gift is the phrase on a cosmetics counter. A gift economy, in the popular version, is a place where people give without expecting anything back. Mauss found nothing of the kind. He found three obligations, binding as law: the obligation to give, the obligation to receive, and the obligation to give back. Refusing to give was a declaration of hostility. Refusing to receive was an insult. Failing to return was a loss of standing that could, in some of the societies he read about, cost a person their rank or their freedom.

Ecstatic Economics opens its own account of the gift on the same Trobriand beach and reaches a sentence that sounds, at first, like the popular version. "Wealth was not something you *had*. It was something you *moved*." Read closely, it is Mauss's point and not the cosmetics counter's. Movement is an obligation. The necklace has to leave.

This chapter sets out where the idea came from, corrects the two myths that have grown up around it, and follows it into economics, where George Akerlof gave it a name in 1982 that the discipline could not ignore.

What Mauss actually found

Mauss was Émile Durkheim's nephew and his closest collaborator, and the *Essai* is a sociologist's essay rather than a fieldworker's: he did not visit the islands. He read. That limitation matters, and later anthropologists have argued with his readings ever since, most famously over his interpretation of the Maori idea of the *hau*, the spirit he believed travelled with a gift and wanted to return home. But the central structure he drew has held for a century because it keeps turning up in places he never looked.

The three obligations are the structure.

The first, to give, is about entering relationship. A gift opens a line between two parties that did not exist before. It is an offer, and like any offer it carries risk: the giver has put something of value into the hands of someone who may not answer.

The second, to receive, is about accepting the line. Mauss gave examples where refusing a gift amounted to refusing the relationship and, with it, the peace. This is the obligation modern organisations neglect most, and the one this book returns to most often. A gift that is not received has not yet become part of any exchange. It is still sitting in the giver's hands, and the giver knows it.

The third, to reciprocate, is the one that makes the system run. A return gift, made later and usually not of the same thing, closes one loop and opens the next. The giver of the return becomes, for a time, the one who is owed. In this way the two parties remain in relationship, alternately creditor and debtor, for as long as they keep going.

The fourth element Mauss described is time. A gift is not a trade conducted slowly. The delay is the point. If the return comes at once, and in kind, the relationship has been settled and can end, as a purchase ends. If the return comes later, and in a different form, the parties remain in each other's debt, alternately, for as long as they keep going. A shop wants the account closed. A gift wants it open.

Ecstatic Economics draws the same contrast in the language of the body. "When you buy something in a market transaction," it asks, "what do you feel?" and answers that the transaction is complete and the strangers go their separate ways. The gift, by contrast, "creates a bond." Mauss would have said that the bond is an obligation, and that the warmth and the obligation are the same thing seen from inside and outside.

The anthropologist Mary Douglas, who wrote the foreword to the 1990 English translation, gave it the title "No free gifts", and argued that a gift which does nothing to bind people is a contradiction in terms.[3] That title is the correction this book starts from. The gift economy, read properly, is not an economy without strings. It is an economy made of them.

The barter myth, and the one beside it

A second myth sits next to the first, and it is older. It is the story most introductory economics textbooks still tell about the origin of money: first people bartered, a fish for a pot, then the inconvenience of finding someone who wanted your fish and had a pot led them to invent a medium of exchange. Adam Smith told a version of it in 1776. It is tidy, and the anthropological record does not support it.

The Cambridge anthropologist Caroline Humphrey, reviewing the evidence in 1985, wrote that no example of a barter economy, pure and simple, had ever been described, let alone the emergence from it of money.[4] Barter does occur, but mostly between strangers, or between people who expect never to meet again, or after money has collapsed. Inside a community, what the record shows is credit and gift: obligations remembered, returned later, in kind or otherwise. David Graeber built much of his 2011 book *Debt: The First 5,000 Years* on Humphrey's finding.[5]

The two myths share a shape. Both imagine an original economy of isolated individuals who owe each other nothing once a swap is done. The gift-economy myth romanticises that individual as a free giver. The barter myth makes the same individual a calculating trader. Mauss's evidence describes neither. It describes people who are already in relationship, and an economy that keeps them there.

This matters for a leader, and not as history. Both myths survive inside organisations. The barter myth survives in the belief that every contribution can, in principle, be priced, and that an unpriced contribution is a market failure waiting to be corrected. The gift myth survives in the belief that goodwill is boundless and costless, and can be drawn on indefinitely without being returned. Leaders who hold the first belief build incentive schemes that crowd out what they reward. Leaders who hold the second exhaust their most generous people and are surprised when those people leave. Both are making the same mistake about what a gift is.

Ecstatic Economics is careful on this point in a way the popular literature is not. "Gift economies were not utopias," it says. "The potlatch could be coercive — a form of competitive generosity that sometimes impoverished communities." And a few lines later, on what the book is and is not proposing: "We are not romanticizing." The practical question, it says, is not how to return to a gift economy, a question it calls "both historically impossible and intellectually lazy." It is how to reintroduce the gift principle into economies that have lost it.

That is the right question, and it is the one the rest of this book answers.

Akerlof and the cash posters

For most of the twentieth century, economists left the gift to the anthropologists. The labour market, in the standard model, was a market like any other: wages adjust until the number of people who want work equals the number of jobs, and anyone unemployed at that wage has chosen not to work at it. The model

had trouble explaining why, in real economies, firms paid more than they needed to and unemployment persisted.

In 1982 George Akerlof, who would share the Nobel Memorial Prize in Economic Sciences in 2001 for a different paper, published "Labor Contracts as Partial Gift Exchange" in the *Quarterly Journal of Economics*.[6] He began with a small sociological study. In 1953 the sociologist George Homans had described a group of young women working as cash posters at a utility company, recording customers' payments on ledger cards.[7] The company set a standard rate of work. The women consistently exceeded it, though their pay did not depend on doing so, and those who could have done less did not. Homans read their behaviour through the norms of the group. Akerlof read it as an exchange.

His proposal was that the firm and the workers trade gifts. The firm gives a wage above what the market would require, and above the minimum it could get away with. The workers give effort above the minimum the job requires, the standard below which they would be dismissed. Neither gift is enforced by the contract. Each is offered in the expectation, not the guarantee, of the other. And the size of each depends on what the group regards as a fair day's work for a fair day's pay.

The abstract puts the consequence in a sentence: "In order to affect those norms, firms may pay more than the market-clearing wage." Firms that do this form what Akerlof called the primary labour market. Firms that pay only the market rate form the secondary one. Unemployment persists because the gift wage is above the level that would clear the market, and firms paying it have reason not to cut it.

Two features of Akerlof's argument are easy to overlook and turn out to matter a great deal.

The first is that the gift is made to a group, and returned by a group. The cash posters did not each strike a private bargain with the firm. They shared a sense of what a fair day's work was, and that shared sense set the level of effort. A leader who thinks of discretionary effort as an individual's response to an individual incentive has missed the unit of analysis. Chapter 4 returns to this, because the laboratory evidence on reciprocity says the same thing in a different vocabulary.

The second is that the gift is relative to a reference point. A wage is a gift only if it exceeds what people expected, and what they expect depends on what they think is fair, which depends in turn on what others are paid, what the firm can afford and what it has paid before. The same wage can be a gift in one firm and an insult in another. That is why, as Chapter 5 shows, a firm that wants a wage to be received as a gift must first close any gap between what people are paid and what they believe they are owed. A gift laid on top of an unfairness is read as part of the unfairness.

Akerlof's paper was theory. It offered a reason for something observed and a mechanism that could be tested. It could not show, by itself, how strong the effect is, how long it lasts, or whether workers in a given firm read a higher wage as a gift at all. Those are empirical questions, and the experiments that tried to an-

swer them are the subject of the next three chapters. What the paper did was bring Mauss's third obligation into the centre of economics.

Why the obligation is the gift

There is a temptation, reading Mauss and Akerlof side by side, to see the obligation as the shadow of the gift: the gift is the good part, the obligation the cost. Santa Anna's book resists that reading, and so does the evidence.

Consider what happens when the obligation is removed. A gift that requires nothing in return, from a stranger, with no relationship before or after, is a transfer. Transfers are valuable, and some of the most important things a society does, such as relief after a disaster, are transfers. But they do not build anything between the parties. Mauss's whole argument is that the obligation to reciprocate is what turns a transfer into a relationship. Remove it, and what remains is charity or a handout, with the asymmetry of status that both carry.

The book's own working of this point is a sentence about circulation, set in italics: *"wealth that does not circulate is not wealth. Prosperity that does not connect is not prosperity. The gift must always move."* The last clause is Lewis Hyde's, from his 1983 book *The Gift*, and the book credits Hyde for it.[8] The first two are Santa Anna's, and they say the thing Mauss said in a different vocabulary. Circulation is not a nice extra on top of the gift. It is what the gift is.

In his unpublished book *Consciousness Is the New Oil*, Santa Anna gives the domestic version, and it is useful because it is so ordinary. "Think of a potluck dinner, where everyone brings a dish to share. No one keeps score, yet everyone leaves nourished—this is the essence of a gift economy." No one keeps score. But everyone brings a dish. A person who came to every potluck empty-handed would not be invited for long, and everyone at the table knows it without anyone saying so. The obligation is there, and it is held by the room rather than by a ledger.

This is the precise sense in which this book uses the gift. Not as the absence of exchange, and not as generosity in the abstract, but as an exchange whose terms are held by relationship rather than by enforcement, and whose returns come later, in kinds the giver does not specify. That is a demanding thing to design. It is also something firms and households already do, usually without noticing.

The two questions Mauss left open

Mauss left two questions that the twentieth century spent its time on.

The first was whether reciprocity is a feature of particular societies or a feature of people. The experimental economists of the 1990s, Ernst Fehr above all, took that question into the laboratory, and their answer is

the spine of Chapter 4. It turns out to be both: every group studied has reciprocity, and every group has its own setting for it.

The second was what happens when the gift meets the market: when a payment, a fine or a bonus is introduced into a relationship that ran on obligation. The answer is uncomfortable, and it is the subject of the next chapter.

For a leader, this chapter's practical point is narrow. Every organisation already runs a gift economy alongside its contracts. The discretionary effort, the favour between teams, the late call answered, the knowledge shared with a new colleague: none of it is in the contract, and all of it is returned or withheld according to whether the people giving it feel the line is open. The work is to see it. The tool below is a way to look.

The Trobriand necklace is still the image. It is valuable because it moves, and the person holding it knows the movement is owed.

The Tool: The Three Obligations Audit

A one-hour exercise for a leader with a team, or a household with its members. It names where the gift economy already runs, and where one of Mauss's three obligations has stopped.

Before you begin. Take a sheet of paper and draw three columns: *Give*, *Receive*, *Return*. Choose one relationship to audit: a team and its manager, two departments, a firm and its suppliers, two partners in a household, a parent and a grown child.

1 · List the gifts (15 minutes).Write down everything that passes between the two parties that is not required by contract, job description or explicit agreement. Be concrete: "she stays to finish the close on month-end without being asked"; "they send us the draft forecast before it is final"; "he cooks on Sundays". Aim for at least eight items in each direction.

2 · Mark the obligation each one is in (10 minutes).For every item, ask which of the three columns it currently sits in.- *Give*: offered, with no sign yet of whether it is received.- *Receive*: accepted and acknowledged, in words or in practice.- *Return*: has been answered, later and in some form, by the other party.Most items will sit in *Give*. That is the first finding.

3 · Find the stopped loops (10 minutes).Circle any item that has sat in *Give* for more than three months without being received or returned. These are the places where one party is still giving and the other has not noticed. Mauss would call this a relationship drifting toward insult. Write one line for each: what would receiving it look like?

4 · Find the refused gifts (10 minutes).List anything that was offered and declined, explicitly or by being ignored: an idea not taken up, help turned down, an invitation not answered. For each, write who refused and whether the refusal was ever explained. Unexplained refusals close lines.

5 · Find the return that has become a price (10 minutes).Mark any item where a gift was once answered by a gift but is now answered by a payment, a bonus, a rule or a tracking system. Note the date the change happened. The next chapter explains why this column matters most.

6 · Choose one loop to close (5 minutes).Pick one stopped loop from step 3. Decide one act of receiving: a specific acknowledgement, to a named person, this week, that names the gift exactly. Not a thank-you for "all your hard work", but "the forecast you sent on Tuesday let us move the order before the price changed".

Keep the sheet. Repeat the audit in a quarter. The number of items in *Return* is the measure.

CHAPTER THREE

When the Gift Becomes a Price

Ten past four at the day-care

A teacher stands at the door of a day-care centre in Haifa, the children's coats on their hooks, one child left on the bench with a picture book. Closing time was four o'clock. It is ten past. The parent arrives, apologises, and the teacher, who has her own child to collect, says it is fine. It is not quite fine, and both of them know it, and that shared knowledge is what brings most parents back on time.

Between January and June 1998, the economists Uri Gneezy and Aldo Rustichini ran a study in ten private day-care centres in Haifa, all in the same part of the city.[9] For four weeks they simply recorded how many parents arrived late. Then, in six of the centres, a modest fine for late collection was introduced; the other four carried on as before. The theory was straightforward: add a cost to lateness and lateness should fall. It rose. The number of late parents increased significantly in the centres with the fine. After twelve weeks the fine was removed, and in the four weeks that followed, the higher lateness stayed. The paper, published in 2000, states the finding in its title: *A Fine Is a Price*.

The parents had been in a gift relationship with the teachers. Lateness was a small debt, owed in the coin of embarrassment and repaid by punctuality the next day. The fine converted the debt into a purchase. Ten minutes of extra care now had a price, and the price was low. Once the relationship had been priced, removing the price did not restore it. The parents had learned what the extra minutes were worth.

The previous chapter argued that the gift is a structure, with obligations as binding as a contract. This one is about what breaks that structure. It is meant to be fair: the economics of reciprocity has been oversold, by economists and by the house's own literature, and the overselling has costs. Each problem below is stated as the evidence states it, and each is followed by a way through.

The raise that wore off

The strongest version of the gift-exchange idea says that paying people more than they expect will make them work harder, in proportion and for good. The laboratory supported it. In 1993 Ernst Fehr, Georg Kirchsteiger and Arno Riedl ran a market in which buyers, playing employers, offered prices and sellers,

playing workers, then chose how much quality to deliver.[10] Buyers offered far above the market-clearing level and expected high quality back. On average, they got it.

The field was less obliging. In 2006 Uri Gneezy and John List hired people for two short jobs, entering data for a university library and fundraising door to door for a research centre, and told some of them on arrival that they would be paid more than the advertised wage.[11] For the first few hours, those workers did considerably more. After that, the difference vanished. Over the whole job, the employer would have logged more data and raised more money by paying the advertised wage and hiring more hours with the difference. The authors were blunt: the gift treatment "yielded inferior aggregate outcomes for the employer."

A larger and more careful study in 2022, by Stefano DellaVigna, John List, Ulrike Malmendier and Gautam Rao, varied pay, the return to the employer and unexpected gifts across three field experiments.[12] Workers did put in effort with no private incentive at all, which is a kind of reciprocity. But their effort did not rise when the employer benefited more, and the gifts had no effect on productivity, though they did lead people to do extra work.

The way through. These studies are about short jobs, with strangers, for an employer the worker will never see again. They test the gift with the relationship removed, which is the condition Mauss would have predicted to fail. The effect fades because there is no line to keep open. The design lesson is that a gift wage without a relationship behind it is an expensive bonus. With a relationship behind it, as the cases in Chapters 5 and 6 show, the reading changes.

The gift that showed attention

A second problem looks like a quirk and turns out to be central. In 2012 Sebastian Kube, Michel André Maréchal and Clemens Puppe ran a controlled field experiment in which people hired for a cataloguing job were given a gift partway through: either money or a nonmonetary gift of equal value.[13] The nonmonetary gift had a much stronger effect on performance than the money. When workers were offered the choice beforehand, they preferred the money. But they reciprocated as if they had received the object.

The authors read this as the old saying that it is the thought that counts, and they tested the reading. When the employer put visible time and effort into presenting the money, it triggered reciprocity too.

Ecstatic Economics is precise on the reason, in a passage on why market exchange leaves people cold. A purchase, it says, ends the relationship: "You are strangers who briefly exchanged money for goods, and now you go your separate ways." Cash, handed over plainly, reads as that kind of exchange even when it is meant as a gift. An object chosen for the occasion, or money presented with evident care, reads as attention.

The way through. The size of a gift matters less than the evidence of attention in it. A leader with a fixed budget for recognition gets more reciprocity from specificity than from scale: the gift chosen for the per-

son, given by someone who knows what they did, at a moment that connects it to the work. This is not an argument for paying people in objects. It is an argument against assuming that a raise announced in a payroll notice will be received as a gift.

The payment that nearly halved the supply

In 1970 the British social policy scholar Richard Titmuss published *The Gift Relationship*, comparing the voluntary blood donation system in Britain with the partly commercial one in the United States. He argued that paying donors would not only fail to add to the supply but would drive some volunteers away, and lower the quality of what was given. Economists were sceptical. It seemed obvious that adding a payment could only add donors.

Carl Mellström and Magnus Johannesson tested it in Sweden in 2008.[14] People who had come for a health examination were offered the chance to become blood donors under three conditions: no payment, a payment of fifty Swedish kronor, or a choice between the payment and donating the same sum to charity. For men, the payment made no significant difference. For women, it nearly halved the supply of new donors. And when the payment could be given to charity instead, the drop disappeared.

Samuel Bowles, reviewing a wide range of such experiments in *Science* that same year, gave the general pattern a name.[15] Incentives designed for self-interested people can undermine the moral sentiments they were meant to supplement. They do this, he found, in four ways: by signalling that selfishness is the expected response, by teaching people over time to become more self-interested, by compromising their sense of acting from their own choice, and by conveying distrust.

The fourth is the one most leaders miss. A monitoring system, a fine, an individual bonus tied to a metric: each says, without saying it, *we did not think you would do this otherwise*. People who were doing it otherwise hear the message.

The way through. Mellström and Johannesson's third condition is the design. When the payment could be redirected to a cause, it stopped crowding out. The incentive was no longer a price on the act; it became a second gift the donor could make. In a firm, the parallel is to keep money and meaning on separate lines. Pay fairly and plainly, through the contract. Recognise the gift through relationship. Where a cash reward is unavoidable, let the person choose what it does.

What the house's own book oversold

A fair critique has to include the house. *Ecstatic Economics*, in its chapter on the body and money, leans on a body of research that has not held. It cites Paul Zak's work on oxytocin and says that "acts of trust and generosity trigger oxytocin release", and that trust-based exchange therefore shifts the nervous system toward safety.

The founding study was real. In 2005 Michael Kosfeld, Markus Heinrichs, Paul Zak, Urs Fischbacher and Ernst Fehr reported in *Nature* that people given oxytocin by nasal spray sent more money to a stranger in a trust game.[16] It was widely reported. Ten years later, Gideon Nave, Colin Camerer and Michael McCullough reviewed everything that had followed.[17] Their conclusion: the simplest finding, that nasal oxytocin raises trust, "has not replicated well"; the blood-level measurements were flawed by how oxytocin is measured; and large genetic studies found no consistent link. The cumulative evidence, they wrote, does not provide robust support that human trust is reliably associated with oxytocin or caused by it.

The book's larger claim does not depend on oxytocin. Its argument that exchange happens between bodies, and that bodies under threat behave differently from bodies at ease, can be made from the behavioural evidence alone. The book's own caveat on its practices says as much: "these practices are not magic. They will not pay your bills, fix systemic inequality, or resolve structural injustice." But the neurochemical story is weaker than the book makes it sound, and a reader who repeats it to a sceptical board will lose the room.

The way through. Ground claims about trust in what people do, not in what their hormones were once thought to do. The behavioural experiments of the next chapter carry the argument without the chemistry. Where the body is the subject, say what is observed and stop there. Chapter 10, on the hard conversations, returns to this, because the board is exactly where the overclaim costs most.

The gift that dominates

The oldest critique is the one Mauss himself recorded. A gift can be a weapon. The potlatch of the Northwest Coast, in some of its nineteenth-century forms, became a contest in which chiefs gave or destroyed property to shame rivals who could not match it. *Ecstatic Economics* names this directly: "The potlatch could be coercive — a form of competitive generosity that sometimes impoverished communities." It continues: "Gift obligations could create hierarchies of debt and dependence."

The workplace version is familiar. The manager who does favours in order to be owed. The firm that offers perks in place of fair pay, so that asking for a raise feels like ingratitude. The founder whose generosity makes dissent feel like betrayal. In each, the gift's obligation is real, and it is being used to close a line rather than open one.

The way through. The test is whether the gift can be refused without cost. A gift that cannot be declined is a demand. Leaders who want reciprocity, rather than compliance, keep three things separate: what people are owed by contract, which is never presented as a gift; what is offered beyond it, which can be declined without consequence; and what is returned, which is never demanded. Santa Anna's unpublished *Spiritual Abundance* series describes a working gift circle in a phrase that states the rule: "nobody tracks who gives more or receives more." The moment someone is tracking, it is no longer a gift circle.

The stance after the critique

Put together, the critique does not say that reciprocity is weak. It says that reciprocity is sensitive. It responds strongly to the relationship around it and weakly or perversely to money dropped into a relationship that was not there. That is a more useful finding than the one the enthusiasts began with, because it tells a designer where to put effort.

Five rules follow from this chapter, and the rest of the book uses them.

1. A price changes what a thing is. Introduce one only after asking what the people currently doing the thing would hear in it.
2. The relationship carries the gift. Without a line to keep open, a gift wage behaves like a bonus that fades.
3. Attention outweighs size. The evidence of care in a gift matters more than its cash value.
4. Money and meaning travel on separate lines. Pay what is owed plainly; give what is beyond it through relationship; let a cash reward be redirected where it can.
5. A gift that cannot be refused is a demand. Test every gift by whether declining it costs anything.

The history of gainsharing, the subject of a sibling volume (*The Gain Was Always Shared*), is in part a history of firms learning the second and fourth of these the slow way: a shared gain works only inside a shared process. And Karl Polanyi and Albert Hirschman (*The Embedded Market*) explain, at the scale of whole societies, why markets pulled out of social relationship tend to wear that relationship down.

The teacher at the day-care door did not need a fine. She needed the parent to keep feeling the ten minutes as a debt between two people, which is what it was.

The Tool: The Crowding-Out Check

A check to run before introducing any incentive, fine, bonus, tracking system or payment into work that people already do partly out of goodwill. It takes twenty minutes and one honest colleague.

1 · Name the behaviour.Write in one sentence what you want more of, or less of: "on-time handovers between shifts"; "suggestions from the floor"; "volunteers for the weekend rota".

2 · Name what currently motivates it.List every reason people do it now, before any incentive. Include the ones nobody says: pride, not wanting to let a colleague down, liking the manager, habit. Mark each as *money*, *relationship*, *identity* or *rule*.

3 · Read the incentive as a message.For the proposed incentive, write the sentence it says without saying it. A fine for late handovers says: *we expect you to be late, and this is the price*. A bonus per suggestion says: *sug-*

gestions are piecework. A tracking dashboard says: *we will check*. Read the sentence aloud. If the people currently doing the behaviour out of goodwill would be insulted by it, stop and redesign.

4 · Run Bowles's four questions.Answer yes or no.- Does it signal that self-interest is the expected response?- Will it teach people, over months, to do this only when paid?- Does it take away a choice people currently make freely?- Does it convey distrust of the people already doing it?Two or more yeses: the incentive is likely to crowd out at least some of what it rewards.

5 · Apply the redirect test.Ask whether the reward could be given in a form the person directs: to a cause, to the team, to a colleague who helped. Mellström and Johannesson's charity option removed the crowding out in their sample. If a redirect is possible, offer it.

6 · Separate the lines.Write down, in three short lists: what is owed by contract (pay it, plainly, never as a gift); what is offered beyond it (make it refusable without cost); what you hope will be returned (never demand it, and never measure it in a way people can see as a demand).

7 · Decide, and date a review.Choose: introduce as designed, introduce redesigned, or do not introduce. Set a date eight weeks out to compare the behaviour with its level before the change. If it has fallen, remove the incentive, and expect, as the Haifa centres showed, that the old level may not return at once.

CHAPTER FOUR

Reciprocity Is a Root System



Reciprocity Is a Root System

HAUTE LUMIÈRE · THE CHANNEL KEEPS IT · CHAPTER FOUR

The jar by the kettle

In a shared office kitchen, beside the kettle, there is a glass jar with a handwritten label: *Coffee fund, £1 a cup.* This is a composite, the kind of jar that stands in thousands of kitchens, and its life follows a familiar course. For the first weeks it fills. Then someone notices that it fills more slowly than the coffee goes. A

second note appears, sharper than the first. One person starts paying for two cups to make up the gap, and after a while stops. By the third month the jar holds a few coins and a paper clip, and the person who started it buys the coffee alone, or stops buying it.

Nothing in that story is about coffee. It is about a small economy of trust, the people who fed it, the few who did not, and the way the whole thing came apart once the contributors saw that their giving was not being returned. Economists have built this jar in the laboratory hundreds of times, and what they found is the subject of this chapter.

The two chapters before this traced the gift from Mauss to Akerlof and through the evidence of where it fails. This one reads it as the house reads every economic idea: as a living system. The claim is that reciprocity behaves less like a virtue that some people have and more like an organ that a group has, with its own way of growing, of defending itself and of failing, and that a leader who reads it that way can tend it.

Most people return trust

In 1995 Joyce Berg, John Dickhaut and Kevin McCabe published a simple game that became one of the most repeated experiments in economics.[18] One person, the sender, is given ten dollars and can send any part of it to a second person, the receiver, whom they will never meet. Whatever is sent is tripled. The receiver then decides how much, if anything, to send back. Both play anonymously, and the design was built so that not even the experimenters could tell who had done what.

Standard theory predicts that nothing is sent. A self-interested receiver keeps everything, and a sender who knows it sends nothing. In the experiment, nearly all senders sent something, and many receivers sent something back. Trust was offered and, unevenly, honoured. It was not reliably profitable: what came back varied widely, and a sender could not count on recovering what she had risked. That is the condition under which trust means anything.

Ernst Fehr, at the University of Zurich, spent the following decade asking who returns trust and why. With Simon Gächter, in a 2000 review in the *Journal of Economic Perspectives*, he set out the pattern that had emerged across many experiments.[19] A large share of people, often a majority, behave as conditional cooperators: they contribute to a shared good if others do, and withdraw if others do not. A minority behave selfishly whatever others do. The mix matters more than any individual.

That is the coffee jar exactly. The conditional cooperators fill it. The few free riders do not. The conditional cooperators watch the jar, see that their contributions are not being matched, and withdraw. The collapse is not a failure of their generosity. It is their reciprocity working as designed.

In 2001 Joseph Henrich and a team including Fehr, Samuel Bowles and Colin Camerer took related games to fifteen small-scale societies, from foragers to herders to small farmers.[20] The offers people made varied far more between societies than they did in university samples, and the variation tracked how much daily

life in each society depended on cooperating beyond the household and on trading in markets. Reciprocity, on this evidence, is universal and local at once: every group has it, and every group has its own setting.

The immune system

There was one more finding, and it is the one that changes the picture. In 2002 Fehr and Gächter ran public-goods games, the laboratory version of the coffee jar, with and without the option to punish.[21] Groups contributed to a common pot; after each round, in some conditions, players could pay a small amount of their own money to reduce the earnings of others. The groups were reshuffled so that nobody would meet the same person again; punishing could bring the punisher no future benefit.

People punished anyway. They paid to fine free riders, and the paper reports that negative emotions toward free riders drove the punishment. Where punishment was possible, cooperation rose and held. Where it was not, cooperation decayed round by round, as the jar empties. Fehr and Gächter called this altruistic punishment: costly to the person doing it, and beneficial to the group.

A year later, with Urs Fischbacher, Fehr set the findings in a review for *Nature*.[22] Human cooperation among strangers, they argued, rests on two kinds of reciprocity together: the willingness to reward cooperation and the willingness to sanction its absence, even at a cost and with no prospect of return.

In the Luminous 100, the house's reading of a hundred and three management frameworks, Ammanuel Santa Anna's upgrade of Patrick Lencioni's *Five Dysfunctions of a Team* turns the model's pyramid of failures into a body. "Living-systems awareness inverts the pyramid from five dysfunctions to five living capacities," he writes, and then names them: "Trust becomes the root system, Healthy Conflict becomes the immune system, Commitment becomes the skeletal system, Accountability becomes the nervous system, and Results-focus becomes the metabolic system."

Read beside Fehr's experiments, the metaphor is closer to the evidence than it first looks. Trust is underground, slow to grow, and everything above depends on it. Healthy conflict, the willingness to name the free rider and bear the cost of naming, is what keeps the root system from being eaten. A team with trust and no immune system is the coffee jar in month three: generous people withdrawing quietly because nobody would say what everyone could see. A team with an immune system and no trust is a team of fines.

Three features of a living exchange

Ecstatic Economics, surveying cooperatives, commons, community currencies and steward-owned firms, names a pattern that all its working examples share. It is worth quoting in full, because it is the house's theory of why reciprocity holds in some places and not in others:

> *1. Restored feedback loops. Extractive economics systematically severs the connection between economic action and embodied consequence. Every ecstatic alternative restores that connection — making the impact of economic decisions visible, felt, and somatically real.*

The second feature, in the book's words: "Every ecstatic alternative organizes exchange between related beings through embodied mechanisms (trust, reciprocity, shared governance, direct relationship)." The third is distributed agency, power spread to the people who carry the consequences.

Set these against the laboratory. Fehr's conditional cooperators need to see what others contribute: that is the feedback loop. Their cooperation holds better when they can act on what they see: that is agency, and in the punishment games, the only agency available was a fine. And the cooperation that held in Henrich's fifteen societies held best where daily life already made people depend on each other: that is relationship.

The house's lens adds something the experiments, by design, leave out. In the laboratory, players are strangers, rounds are short, and the only tools are contribution and sanction. In a living system, the feedback can be warm as well as punitive, the relationship is long, and the immune response can be a conversation rather than a fine. *Ecstatic Economics* puts the stakes in one sentence: "economic exchange at its best is not a transaction between isolated agents. It is a relational event between nervous systems." The experiments isolate the agents in order to measure them. A firm does not have to.

The book makes the organisational version explicit in its account of self-managing firms. Where supervision and constant monitoring are replaced by trust and clear purpose, it says, "This is the gift economy principle applied to organizational life: trust circulates, and where trust circulates, value flows." The same passage adds its own caveat in the next breath, and it is the right one: such arrangements require "a level of emotional maturity, conflict resolution capacity, and mutual accountability that many organizations — and many individuals — have not yet developed." Root system and immune system, again, and the book does not pretend one can stand without the other.

A flow, not a stock

The living-systems reading has one more consequence, and it concerns time. An economist measuring reciprocity counts what came back in a round. A gardener measures it over a season. The difference is the difference between a stock and a flow.

Santa Anna's unpublished *Spiritual Abundance* series makes the point about gift circles in plain terms. A working gift economy, it says, does not balance in each exchange: "The system balances across time and throughout the entire community rather than in each isolated transaction." That sentence is a design specification. It says that a reciprocal system has to be read at the level of the whole and across a long enough period, and that a leader who audits each exchange for balance will see imbalance everywhere and conclude, wrongly, that the system is failing.

The Developmental Canon, his larger body of teaching, applies the same idea to a person's own giving. Discussing a foundation funded by a share of revenue, it describes the loop as the teaching made real: "The chapter teaches reciprocity. The foundation enacts it." And of the yearly practice of giving a share of income to a scholarship, a peer or a stranger, it says: "Do this not as charity but as ecology." Ecology is the exact word. In a forest, nothing is repaid to its source. What one tree sheds feeds soil that feeds roots that are not its own. The forest balances as a whole and over years. No single tree is in credit.

This reading changes what counts as a free rider. In a short game, a player who takes without giving is one. In a living system, a new member who receives a great deal in her first year, and gives a great deal in her fifth, is not; she is a sapling. A leader who cannot tell the two apart will either tolerate real free riding out of generosity or punish saplings out of vigilance. The tool at the end of this chapter is built to make the difference visible.

What the lens can and cannot claim

A metaphor is not a measurement, and the house's reading should be held to the same standard as the economists'. Calling trust a root system does not tell a leader how deep the roots are in her team, or how long they took to grow, or how fast they would die if cut. Calling healthy conflict an immune system does not say which sanctions heal and which become autoimmune, attacking the generous along with the free riders. When Benedikt Herrmann, Christian Thöni and Simon Gächter ran punishment games in sixteen cities in 2008, they found that in some places players also punished the cooperators, a pattern the authors called antisocial punishment, and that where this happened, cooperation suffered.[23] That is the laboratory's version of an immune system turned on its host.

What the lens does claim is narrower and testable. It claims that reciprocity should be read at the level of the group rather than the individual, which is what the conditional-cooperation findings show. It claims that a reciprocal system needs both nourishment and defence, which is what the punishment experiments show. And it claims that the system is best read over seasons rather than rounds, which the laboratory, built on short games, cannot yet show and does not contradict.

There is one strand of evidence that bears on the giver herself. In 2008 Elizabeth Dunn, Lara Aknin and Michael Norton reported in *Science* that people who spent more of their income on others reported greater happiness, in a national survey, in a study of employees spending a bonus, and in an experiment in which people were randomly assigned to spend a small sum on themselves or on someone else.[24] It is one paper, of modest samples, and later work has debated the size of the effect. It suggests, and no more than suggests, that the giving end of the loop is not only a cost. That is the claim the Developmental Canon makes when it calls giving an ecology rather than a charity.

Listening to the system

There is a final element in the house's lens, and it is the one that most distinguishes it from the economics. The experiments ask what people will do under given rules. The living-systems reading asks what the system already knows about its own health.

Santa Anna's upgrade of Appreciative Inquiry, the method of organisational change built on studying what works rather than what is broken, puts this in a sentence that applies directly to reciprocity: "the system knows what it needs, and Appreciative Inquiry is the practice of listening." In a team, the people who give most know where their giving is not returned. The conditional cooperators in Fehr's games could see exactly who was free riding; they simply had no voice to say so, only a fine. In a firm, they can be asked.

That suggests a practical order of work, and Chapter 8 turns it into a sequence. First find where value already circulates: the favours, the knowledge, the discretionary effort, the care. Then find where it pools, where one person or team gives and nothing returns. Then ask the people at the pooling points what they see, before designing any rule.

Two sibling volumes read the same organ from different sides. Elinor Ostrom's design principles (*The Pasture Was Never Empty*) are, in effect, a field guide to the immune systems that real communities built for their commons, graduated and local rather than punitive and anonymous; Chapter 7 visits one of them. And complexity economics (*The Economy That Keeps Becoming*) explains why a small number of free riders can tip a cooperative system into collapse, as the jar tips in month three.

The coffee jar, read this way, did not fail for lack of generous people. It failed because its root system had no immune system and no one was listening at the pooling point. The person who started it knew in week two.

The Tool: The Circulation Map

A one-sheet map, drawn once a quarter, of where value moves in a team or a household and where it stops. It takes forty-five minutes. It works best drawn by two people together, one of whom gives a great deal.

1 · Place the people (5 minutes).Write each person's name in a circle, spaced around the page. For a household, include anyone who regularly gives or receives: a grandparent, a neighbour, a child at university. For a team, include the people in adjacent teams who are part of its daily exchange.

2 · Draw the flows (15 minutes).For every regular gift that is not required by contract or rule, draw an arrow from giver to receiver. Label it in two or three words: *covers Friday*, *reviews drafts*, *school runs*, *knows the client*. Use a solid line if it happens weekly or more, a dashed line if monthly.

3 · Mark the pools (5 minutes).Find any person with three or more arrows leaving and none or one returning. Shade their circle. These are the pooling points: people whose giving is not circulating back to them in any form.

4 · Separate saplings from free riders (10 minutes).For each person with many arrows arriving and few leaving, write one line: are they new, recently moved, carrying something heavy at home, or still learning the work? If yes, they are a sapling, and their position is expected for now; write the month you expect it to change. If none of those applies, mark them for a conversation, not a sanction.

5 · Listen at the pools (5 minutes, then a week).Write one question for each shaded person, to be asked privately in the coming week: "Where does your giving here feel returned, and where does it not?" Write nothing else until you have heard the answer.

6 · Choose one return (5 minutes, after listening).For one pooling point, choose one specific way the system can give back to that person: a task taken off them, a named acknowledgement, a choice they have been asking for. Not money unless they have asked for money. Record the date.

Next quarter, redraw the map. Count the shaded circles. The aim is not a page of balanced arrows; the forest is never balanced tree by tree. It is fewer pools, and saplings that have begun to send arrows of their own.

CHAPTER FIVE

The Five-Dollar Day, Reread

A queue in January

On 5 January 1914, the Ford Motor Company announced that it would pay the men at its Highland Park plant in Michigan five dollars for an eight-hour day. The rate it replaced was two dollars and thirty-four cents for a nine-hour day.[25] Within days, thousands of men were waiting at the plant gates in the cold, far more than there were jobs. The company had set out to solve a labour problem and had, for a few weeks, created a crowd.

Seventy-three years later, two economists, Daniel Raff and Lawrence Summers, went back to the company's records and the contemporary accounts to ask what the five-dollar day had actually been.[26] Their question was Akerlof's: was this a firm paying more than the market required in order to get something the market could not deliver? Their answer was yes. Ford had been losing workers almost as fast as it could hire them, and the work on the new moving assembly line was gruelling and easy to do badly. The five-dollar day, they concluded, was "most plausibly the consequence of labor problems of the kind efficiency wage theorists stress." There were substantial queues for Ford jobs. Productivity and profits rose under the new regime.

The earlier chapters set out the idea that a wage above the market can be a gift, returned in effort that no contract could specify; showed how often that gift fails; and read reciprocity as a living system. This chapter works the idea through one documented case and one composite, labelled as such, and follows every figure to its source. Its claim: a gift wage works when it is received as attention inside a relationship that people can see and shape, and it turns into control when it arrives with conditions the recipient did not choose. Ford's five-dollar day did both, which is why it is the right case to begin with.

What came with the five dollars

The five dollars was not, strictly, a flat wage. Ford presented the increase as a share in the company's profits, paid on top of a basic wage to workers who qualified for it. To qualify, a man had to meet conditions, and the most notable of them concerned how he lived.

To check, the company relied on what it called its Sociological Department, set up in 1913. Its investigators visited workers' homes and were responsible for deciding whether a man's personal life and habits made him eligible for the full wage. They asked about drinking, savings, cleanliness, and whether a man's family lived as the company thought a family should. A worker who did not meet the standard could have the supplement withheld until he did. The museum that holds Ford's archive records that this phase ended with a reorganisation of the company in 1920.[25] Raff and Summers treat the structure as consistent with efficiency-wage theory: the firm wanted reliable workers and used the supplement to select and shape them. Later historians have been less neutral about it.

Read through Mauss, the five-dollar day was two things at once. It was a gift in Akerlof's sense: pay well above what the market demanded, offered in the hope of effort and loyalty in return, and visibly answered, in the queues and in the productivity that Raff and Summers document. And it was the gift that dominates, the shadow Chapter 3 described: a generosity that could not be refused on its own terms, came with inspection, and asked the recipient to live as the giver wished.

Ecstatic Economics makes the distinction in its discussion of workplace pay. Speaking of salary transparency, it adds a condition that applies to every gift wage: "This is not a universal prescription. Compensation transparency requires genuine equity in the underlying system — you can't make an unjust system transparent and expect positive results." The same is true of generosity. A gift laid on top of an arrangement people experience as unfair, or as intrusive, is received as part of that arrangement.

The historical record is clear that the five-dollar day raised pay and drew workers. It is less clear how much of the improvement in Ford's results came from the gift and how much from selection, from the shorter shift, or from the plant's other changes in the same years. Raff and Summers found strong support for the theory; they did not, and could not, run an experiment. That is the limit of the case, and it is stated here because it is the limit of nearly every historical case of this kind.

The gift in a letter

A cleaner test of the mechanism, with the relationship stripped to its minimum, came in 2007. Armin Falk, working with a charitable organisation, sent roughly ten thousand letters asking for donations.[27] A third contained no gift. A third contained a small gift. A third contained a larger one. The letters were assigned at random.

Compared with the letters carrying no gift, the share of recipients who donated rose by 17 percent when a small gift was enclosed and by 75 percent when the gift was larger. Those are relative increases in the frequency of donating, as the paper reports them, not increases in the amount raised.

The letters were addressed to strangers who would never meet the charity's staff. The gift still created an obligation that a measurable number of people chose to honour. Set beside Gneezy and List's fading wage

gift in Chapter 3, the result suggests that the gift's first effect is strong almost everywhere and that its staying power depends on what follows. A letter asks once. A job asks every morning.

Santa Anna's book, in its practice on co-regulation, describes the stance a leader needs for the second kind of asking. Bring warmth and attention into economic exchanges, it says, "Not as a strategy or manipulation, but as an offering." The distinction is the one Ford's investigators missed. An offering can be declined. A strategy that cannot be declined is a condition.

A kitchen, worked through

What follows is a composite, built for teaching. It is not a real business, and every figure in it was set by the writer to make the arithmetic clear. Its owner is called Maren.

Maren runs a catering kitchen with twenty-four staff: sixteen on the line and in preparation, four drivers, two in the office, and two senior cooks. Pay is near the local market rate for each role. Turnover on the line has been high for two years; she loses roughly one line cook a month and spends, by her own estimate, about four weeks of a senior cook's attention training each replacement. She has set aside a budget equal to about six percent of the annual wage bill to do something about it.

Her first plan is the five-dollar day in miniature: a raise of six percent for everyone, announced at the next staff meeting. The evidence of the last three chapters suggests three refinements before she does it.

First, separate the contract from the gift. Chapter 3's crowding-out evidence argues that pay people are owed should be paid plainly, through the contract, and never presented as a favour. Maren checks her rates against the local market and finds that the line cooks are two percent below it and the drivers are at it. She raises the line cooks by two percent through their contracts, with no speech. That uses about a third of her budget and closes a gap that was being read, correctly, as unfair. It is not a gift. It is a correction.

Second, make the remaining gift attentive. The Kube, Maréchal and Puppe result in Chapter 3 suggests that the same money buys more reciprocity when it is visibly chosen for the person. Maren takes the remaining two thirds of the budget and asks each staff member, privately, what would make the job better in a way money from her could pay for. The answers are not what she expected. Four of the line cooks want the rota fixed two weeks in advance rather than one. Two drivers want their own vans rather than a pool. Several people want paid time for a food hygiene course they have been putting off. One senior cook wants a day a month to develop new dishes. None of this is costless; all of it can be priced, and the total fits the budget with a margin.

Third, let people refuse. Nothing in the second round is mandatory. A cook who prefers the old rota keeps it. Nobody's home is inspected and nobody's hours are monitored in a new way. The book's warning about measurement applies here: "If a cooperative measures its success only in financial terms, it will gradually drift toward extractive behavior." Maren decides to measure two things only: monthly turnover on the line,

and the number of shifts covered by volunteers when someone is ill, which she has never counted before and which is, in Akerlof's terms, the gift coming back.

Following the figures

Because this is a composite, the numbers cannot prove anything. They can show the shape of the reasoning, and the provenance of each is set out here so that a reader with a real kitchen can replace them.

The six percent budget is Maren's choice, set by the writer. The two percent gap was found by comparison with a local wage survey, which in a real case would be named and dated. The roughly one leaver a month and four weeks of training per replacement are Maren's own estimates; in a real case they would come from the payroll and the rota. Turnover before and after is the measure, and in a real case it would be compared over at least two quarters, with the season noted, because catering turnover rises and falls with the calendar.

What the kitchen cannot show, any more than Highland Park could, is which part of the change did the work. The correction, the chosen gifts and the absence of inspection all happen at once. A larger firm could stagger them across sites. A kitchen of twenty-four cannot, and should not pretend to know more than it does. The honest report after two quarters is: here is what we changed, here is what happened, here is what we believe and why. Chapter 9, on measurement, sets out how to write that report so that it can be trusted.

In the composite, suppose turnover on the line falls to one leaver a quarter and volunteer cover rises from rare to usual. Maren cannot attribute it. She can say that the people who stayed are the people she asked, and that the line she opened by asking has stayed open. That is Mauss's measure, not an economist's, and it is the right one for a firm her size.

Three lessons from the case

The first is that a gift wage is rarely only a gift. Ford's was a gift, a selection device and a means of control, and the workers knew it. The design question is not whether to pay above the market but what the payment says, and whether the person receiving it can read it as attention rather than as a lever.

The second is that the first response to a gift is strong and its durability is earned. Falk's letters and Gneezy and List's short jobs show the first response. The longer pattern depends on whether the relationship keeps answering. Two sibling volumes trace what makes the answer durable: the evidence on employee ownership and profit sharing (*Owning the Work*), where people share in the outcome as well as the wage, and the history of gainsharing (*The Gain Was Always Shared*), where firms learned that a shared gain holds only when the people sharing it also shape the work.

The third is that the gift has to be refusable. Santa Anna's book says of money that it is "a design choice, not a law of nature." So is every gift a firm makes. The five-dollar day was designed, and part of its design

was an investigator at the door. Maren's kitchen is designed too, and part of its design is a question asked privately and an answer that could be no.

The queue at Highland Park in January 1914 is the image the case leaves. It shows that a gift, made large enough and plainly enough, brings people to the gate. What happened after they came through it depended on what was waiting inside. The next chapter follows a firm that has spent four decades on that question.

The Tool: The Gift Design Sheet

A sheet for a leader or a household planning any discretionary gift: a raise beyond the contract, a bonus, a benefit, a day off, help offered to a family member. It takes an hour to complete and a quarter to read.

Part A · Separate the lines (15 minutes).

QUESTION	ANSWER
What is this person or group owed by contract, agreement or fairness, and are they getting it now?	
If not, what is the gap, measured against what source, on what date?	
Close the gap first, plainly. Cost:	
Remaining budget for the gift:	

Part B · Ask before giving (one week).- Ask each recipient privately: "What would make this better in a way I could pay for or arrange?" Write their words, not your summary.- Group the answers. Note which cost money, which cost time, which cost a rule.- Mark anything you hear more than twice.

Part C · Design the gift (20 minutes).For each gift you choose, complete one line:

RECIPIENT	THE GIFT	WHY IT WAS CHOSEN FOR THEM	CAN THEY DECLINE IT WITHOUT COST? (YES/NO)	ANY CONDITION ATTACHED?

If any line answers *no* to the fourth column or has an entry in the fifth, rewrite the gift until it does not, or move it to Part A as a term of the contract and pay it as one.

Part D · Choose two measures (10 minutes).- One outcome you hoped to change (turnover, missed handovers, a family member's stress), with its current level and source.- One return you have never counted before (volunteered cover, ideas offered, help given unasked), with a way to count it that nobody experiences as surveillance.- Do not add a third.

Part E · Give, then wait (one quarter).- Give each gift with one sentence that names what you noticed: "You asked for the rota two weeks ahead; it starts on the first."- Do not ask for anything back. Do not mention the gift again.

Part F · Read the quarter (15 minutes).- Outcome measure, before and after:- Return measure, before and after:- What else changed in the same quarter (season, staff, prices):- What you now believe, and what you cannot tell:

CHAPTER SIX

The Warehouse That Paid More

Two rooms with the same pallets

Walk into either building and the first thing you notice is the same: concrete floor, steel racking to the ceiling, pallets of paper towels and tinned tomatoes, a forklift beeping somewhere out of sight. Costco and Sam's Club, the warehouse chain owned by Walmart, sell much the same goods to much the same kind of customer at much the same low margin. In the middle of the last decade they were the two largest firms in their category in the United States. On the shop floor, an untrained eye could not tell them apart.

The difference was in the payroll. In December 2006 the management scholar Wayne Cascio set the two side by side in the *Harvard Business Review*, in an article called "The High Cost of Low Wages", the short form of a longer comparison he had published that August in the *Academy of Management Perspectives*.[28] His figures are the case this chapter works through, and every number below is his, given as he gave it, with his own caveats attached.

This is the first of two deeper cases in the book. Chapter 5 looked at a gift wage in 1914, made once, with conditions. This chapter looks at a wage policy held for decades, without inspection, inside a firm that competes on price in one of the most cost-conscious industries there is. It is the closest thing the public record offers to a long-run test of Akerlof's primary labour market.

The figures, as Cascio gave them

At the time of his comparison, Costco had 338 stores and 67,600 full-time employees in the United States and held, by his estimate, about half the warehouse-club market. Sam's Club had 551 stores, 110,200 employees and about forty percent of the market.

Pay. The average wage at Costco was seventeen dollars an hour. Walmart did not report Sam's Club pay separately. A full-time Walmart worker earned $10.11 an hour on average, and Cascio cites several sources suggesting that Sam's Club was similar: a 2005 *New York Times* report of $9.86, interviews he and a colleague conducted with a dozen Sam's Club employees putting it at about ten dollars, and a 2004 *BusinessWeek* estimate of $11.52.

Benefits. Eighty-two percent of Costco employees had health insurance, compared with fewer than half at Walmart, and Costco workers paid eight percent of their premiums against thirty-three percent at Walmart. Ninety-one percent of Costco's employees were covered by retirement plans, with the company contributing an average of $1,330 a year each; at Sam's Club, sixty-four percent were covered, with an average contribution of $747.

Turnover. Costco's turnover was seventeen percent a year overall, and six percent after an employee's first year. Walmart's was forty-four percent, which Cascio describes as close to the industry average. He assumes, and says he assumes, that Sam's Club's rate was the same as Walmart's.

The cost of turnover. Using a conservative estimate that replacing an hourly employee costs sixty percent of a year's pay, Cascio puts the cost of replacing one Costco worker at $21,216 and one Sam's Club worker at $12,617. Multiplied by the turnover rates, Costco's total annual cost of churn comes to $244 million, against $612 million at Sam's Club: $3,628 per Costco employee and $5,274 per Sam's Club employee.

Output. Sam's Club and Costco generated $37 billion and $43 billion respectively in United States sales in the year he examined, and Costco did it with thirty-eight percent fewer employees. He adds the qualification himself: this was "admittedly, in part by selling to higher-income shoppers and offering more high-end goods." Costco generated $21,805 in United States operating profit per hourly employee, against $11,615 at Sam's Club.

His conclusion is a single sentence that every leader who sets a wage should hear once: "These figures challenge the common assumption that labor rates equal labor costs."

What the figures can and cannot carry

Before reading the case as a gift economy, it is worth being exact about what it proves, because it is often quoted as proving more.

It does not prove that higher pay causes higher productivity. It is a comparison of two firms at one point in time. Costco differs from Sam's Club in many ways besides pay: its customers, its product range, its management, its history. Cascio names the most important of these, the higher-income shopper, himself. Any of them could account for some of the gap in sales per employee.

It rests on estimates at several points. Sam's Club's wage is a range from secondary sources, not a figure from the company. Its turnover is assumed to match Walmart's. The replacement cost of sixty percent of salary is a rule of thumb, chosen to be conservative, not a measured figure for either firm.

And it is a snapshot from the middle of the last decade. Wages, benefits and turnover at both firms have moved since, and nothing in this chapter should be read as a description of either company today, or as a view on either as an investment.

What it does show is narrower and still valuable. It shows that a firm competing on low prices, in a low-margin business, sustained a wage and benefit structure well above its nearest rival's, and that the turnover it experienced was a fraction of its rival's. It shows that, on Cascio's arithmetic, the saving on turnover alone offset a substantial part of the higher wage bill. And it shows that the firm paying more was not less profitable per worker but more. Those three facts together are enough to question the assumption that paying above the market is a cost that only a rich firm can afford.

Reading it as a gift economy

Now read the same figures through the first five chapters.

The wage is not, mostly, a gift. It is the contract. This is the first and most important observation, and it is easy to miss. Costco's seventeen dollars was not an announcement, a bonus or a favour. It was the rate, written into the terms of employment, paid to everyone in a role, year after year. In the language of Chapter 3, it sat on the contract line, not the gift line. That is precisely why it could work. A wage that is presented as generosity invites the recipient to wonder when it will be withdrawn, and invites the giver to expect gratitude. A wage that is simply the rate invites neither. It establishes, in Akerlof's terms, the reference point: what people in this firm regard as fair.

The gift is what happens on top of the contract. Once the reference point is set high and held, the effort people give beyond the minimum is the gift, and the firm's part of the exchange is to keep the line open: to keep paying the rate, to keep the benefits, not to introduce the inspections and fines that would tell people their effort was not trusted. Cascio's figure for turnover after the first year, six percent, is the closest the public record comes to measuring that line. People who had been in the exchange for a year mostly stayed in it.

The return is collective. Akerlof's cash posters shared a norm about a fair day's work. Costco's figures are firm-wide, and no number in them belongs to an individual. Sales per employee and profit per hourly employee are the output of a group that has settled on a level of effort together. Chapter 4's conditional cooperators would recognise the pattern: in a group where most people see others contributing, most people contribute.

The firm did not price the gift. Nothing in Cascio's account describes per-item incentives, fines or bonuses tied to individual metrics as the source of Costco's results. That is an absence, and an absence in a case report is weak evidence. But it is consistent with the crowding-out findings of Chapter 3. A firm that pays a high fixed rate and then adds a dense system of individual incentives on top is telling its workers two different things. The case suggests a firm that told them one.

The Ford comparison

Set Costco beside Highland Park and the difference that matters is not the size of the premium. Ford's was larger in proportion. The difference is the conditions.

Ford's five dollars was a share in profits that had to be earned by living as the company wished, checked by investigators in the home. It could be withheld. It came with a lever attached, and the lever was visible. The gift that could not be refused, in Chapter 3's terms, became a gift that could be taken away, which is worse.

Costco's premium, on Cascio's account, came as a rate and benefits, applied to everyone in a role, without a test of private conduct. It could not be withheld from a person because the firm disapproved of how he spent his evenings. That is what made it receivable as a reference point rather than a lever.

The lesson for a leader is plain, and it applies at any scale. If you intend to pay above the market, put the premium where people can count on it, on the contract line, and resist the temptation to attach conditions that let you take it back. The premium's value as a gift depends on its not being a gift in the moment it is paid.

The hard question: who can afford it

The objection a board raises to this case, every time, is that Costco could afford to pay more because its business model was different, and that the lesson does not transfer.

There are three honest answers, and Chapter 10's script for the board opens with the second.

The first is that the objection is partly right. Costco's customers and product range differed from Sam's Club's, and Cascio says so. A firm with thinner margins than Costco, or a different customer, cannot simply copy the rate.

The second is that the objection misreads the arithmetic. Cascio's point is not that Costco could afford a higher wage bill because it was rich. It is that the higher wage bill was partly paid for by lower turnover, and that the cost of turnover is routinely left out of the comparison because it does not appear as a line in the budget. A firm that compares wage rates and ignores churn is comparing one cost and calling it the total. The first step for any firm is to run Cascio's calculation on its own figures, which the tool at the end of this chapter does.

The third is that the question is not all or nothing. Chapter 5's composite kitchen did not raise everyone's pay by the full budget. It closed a measurable gap through the contract, and spent the rest on things people asked for. That is a design available to a firm of any margin. The principle that transfers is not "pay what Costco pays". It is "set a reference point people can count on, close the gap between what they are paid and what they believe is fair, and do not price what they are already giving."

What the case cannot show about the gift

There is a limit to this case that matters for the rest of the book, and it is worth stating plainly.

The public figures are about pay, benefits, turnover and output. They are not about the economy nobody invoices: the discretionary effort, the help between colleagues, the cover offered when someone is ill. Those are what this book is about, and no public report of a large firm measures them. When Cascio infers loyalty and productivity from turnover and sales per employee, he is reading the shadow of the gift economy on the financial statements, not the gift economy itself.

That is not a criticism of Cascio. It is a description of what financial reporting can see. It is also the reason Chapter 9 exists. A firm that wants to know whether its gift economy is healthy has to count things that no annual report counts, and has to count them in a way that does not crowd out what it is counting.

The living-systems reading

Ecstatic Economics describes the enterprises it admires as "pragmatically idealistic — clear about their values and flexible about their strategies." The warehouse case is a useful test of that phrase, because it is not a co-operative, a commons or a steward-owned firm. It is a listed retailer in a hard business. What it suggests is that the gift principle does not need an unusual ownership structure to operate. It needs a reference point held steadily over a long time.

In the language of Chapter 4, a high, fixed, unconditional rate is soil. It does not make anything grow. It makes it possible for things to grow, and it does so slowly, and the evidence of its working shows up years later, in a turnover figure for people past their first year. A leader who wants the root system has to tend the soil for longer than most incentive schemes last. The book's own sentence for this is the one quoted in Chapter 4: "trust circulates, and where trust circulates, value flows." The six percent is what trust circulating looks like in an annual report.

The sibling volume on patient capital and stakeholder governance (*The Long Clock*) asks why so few firms hold a policy like this for long enough to see it pay, and what in the structure of ownership and reporting pushes them to cut. It is the natural companion to this chapter.

Two rooms, again

Go back to the two warehouses. The pallets are the same. The forklifts are the same. The difference that Cascio's figures describe cannot be seen from the floor, and it is not, in the end, the wage. It is what the wage made possible over time: a room where most of the people driving the forklifts had been driving them for years, and knew where things went, and covered for each other, and did not need to be told.

That is the economy nobody invoices, showing up as a figure somebody finally did.

The Tool: The True Cost of a Wage

A calculation for a leader or a finance team, to be run before any decision about pay levels. It takes two hours with the payroll and the HR records. It follows Cascio's method and should carry his caveats.

1 · Gather four figures for the last twelve months.- Headcount in the role, averaged over the year.- Number of leavers in the role.- Average annual pay in the role.- Your estimate of the full cost of replacing one leaver, as a share of annual pay. If you have no estimate, use Cascio's conservative sixty percent and say that you did.

2 · Calculate turnover and its cost.- Turnover rate = leavers ÷ average headcount.- Cost per replacement = average annual pay × replacement share.- Annual cost of churn = leavers × cost per replacement.- Churn cost per employee = annual cost of churn ÷ average headcount.

3 · Separate first-year from later turnover.Count how many leavers had been with you less than a year. Calculate turnover for people past their first year separately. This is the figure that most closely tracks whether the exchange is holding once people are in it.

4 · Model one change honestly.Choose a proposed change in pay or benefits. Calculate its annual cost. Then ask: by how much would turnover have to fall for the saving on churn to offset part or all of that cost? Write the answer as a number of leavers per year. Decide whether that number is plausible, and write down why.

5 · List what the calculation leaves out.Write down, honestly, what this arithmetic cannot see: the effect on customers, the discretionary effort of the people who stay, the knowledge lost with each leaver, any difference in who you hire. These belong in the decision even though they are not in the number.

6 · Record the assumption.Note every estimate you used and where it came from. In a year, run the calculation again with actual figures and compare.

A NOTE FROM THE HOUSE

A wage paid above the market is a gift only when it is received and returned, and the return shows in figures a firm already keeps: who stays, what is caught, what is not wasted. A gainshare counts that return against a measure both sides sign first. Luminous Prosperity Inc. does this work inside organisations, and is paid as a share of the gain it helps find.

REQUEST A CONVERSATION

CHAPTER SEVEN

Communities That Kept the Gift

Thursday, at noon, at the cathedral door

Every Thursday at noon, outside the Apostles' Door of Valencia Cathedral, eight farmers in black smocks sit down on a semicircle of chairs behind a low railing. Tourists gather. A bailiff calls out, in Valencian, the names of the irrigation channels whose users have a complaint to bring. If there is a dispute, it is heard on the spot, aloud, without lawyers or written pleadings, and decided the same morning. The decision cannot be appealed. If there is no dispute, the eight stand up and go home.

This is the Water Tribunal of the plain of Valencia. Its eight members are farmers, each elected by the users of one of the irrigation channels that carry water from the river Turia across the market gardens around the city. In 2009 UNESCO inscribed it, together with the Council of Wise Men of the plain of Murcia, on its Representative List of the Intangible Cultural Heritage of Humanity, describing a tribunal of eight elected administrators representing 11,691 members from nine communities, settling disputes orally, quickly, openly and impartially.[29] UNESCO traces both tribunals to the period of al-Andalus, between the ninth and thirteenth centuries. Popular accounts push the date further back, to Rome; the honest position is that nobody knows exactly when it began, only that it has been sitting for a very long time.

This chapter is the second of the book's deeper cases. Chapter 6 looked at a firm. This one looks at two communities that have kept a gift economy running, one for centuries and one for decades, with no market price at its centre and no state running it. They are not models to be copied. They are evidence of what a reciprocal system needs in order to last, and of where even a well-designed one runs into trouble.

What the irrigators share

The water in a Valencian channel is a gift economy of the most literal kind. Nobody buys it. Each farmer along a channel takes water in turn, for a set time, and then closes the gate so that it moves on. A farmer's field is watered because somebody upstream closed their gate on time; the field below will be watered because she closes hers.

Elinor Ostrom, who studied the huertas of Valencia, Murcia and Alicante alongside irrigation societies in the Philippines, mountain pastures in Switzerland and Japan and fisheries in Turkey and Sri Lanka, put

them among the long-enduring institutions in her 1990 book *Governing the Commons*.[30] Her question was why some communities manage a shared resource for centuries without destroying it, when standard theory predicted that each user would take as much as possible and the resource would collapse. The sibling volume on her work (*The Pasture Was Never Empty*) sets out her answer in full: eight design principles, from clear boundaries to graduated sanctions to cheap, local ways of resolving conflict. Here it is enough to notice how closely the Valencian arrangement matches the three obligations of Chapter 2.

To give. Each farmer gives up water by closing the gate. The giving is not optional, but neither is it enforced by a price. It is enforced by the shared understanding of how the channel works, and by the knowledge that everyone else is giving up water too.

To receive. Each farmer receives water from those upstream. Receiving is visible: the water arrives, or it does not. A farmer who does not receive her turn knows at once, and knows roughly where along the channel the water went.

To return. The return is the next turn, and the one after it, indefinitely. No farmer is ever square with the channel. Each is, at any moment, both owed and owing, which is exactly Mauss's description of a gift relationship that is still alive.

What makes the system durable is that the obligations are visible to the people who bear them. A rotation means that each farmer, waiting for her turn, has every reason to watch the farmer before her. Monitoring is not a separate job imposed from outside. It is a by-product of the way the water moves, done by the people with the most at stake. That is Chapter 4's feedback loop, built into the plumbing.

The tribunal as an immune system

Chapter 4 argued that a reciprocal system needs both a root system and an immune system: trust that lets people give, and a way of answering those who take without giving. The laboratory found that groups with no way to sanction free riders decay, and that groups with a crude way, a fine imposed anonymously, sometimes turn the fine on the cooperators.

The Water Tribunal is an immune system of a particular kind, and its features are worth reading closely.

It is local. Its members are farmers from the channels, elected by the users. They know the land, the channels and very often the parties. Nobody is judged by a stranger applying rules written somewhere else.

It is public. It sits in the open, at the door of the city's cathedral, and anyone can watch. A dispute is not hidden in an office, and a judgment is not issued in writing to be read later. Everyone who cares can see what was decided and why.

It is fast and cheap. Proceedings are oral and the case is decided the same morning. Nobody needs to hire anyone. Ostrom counted cheap, quick conflict resolution as one of her design principles, and the reason is

plain here: a dispute that costs a farmer a season of fees and paperwork is a dispute that will be settled privately, by resentment, which is how gift economies quietly die.

It is proportionate. The tribunal's purpose is to keep the water moving, not to punish. In Ostrom's language the sanctions are graduated, set at the lowest level that works, rising only for repeated offences. That is the opposite of the anonymous fine in the laboratory, which falls on whoever happens to be in the room.

And it is owned by the people it governs. The farmers elect the tribunal. The rules it applies are theirs. A sanction from one's own neighbours, under rules one helped to keep, is received very differently from a sanction imposed by a distant authority. It confirms membership rather than threatening it.

Put together, these features answer the problem Chapter 4 left open: which sanctions heal and which become autoimmune. The Valencian answer is that sanctions heal when they are local, visible, fast, proportionate and owned. Every one of those features can be designed into a modern organisation, and Chapter 8 shows how.

Japan: a ticket for a caring relationship

The second community is younger, more fragile, and more instructive for that reason.

In the mid-1990s, as Japan's population aged and families were increasingly scattered across the country, a non-profit called the Sawayaka Welfare Foundation launched a system in 1995 that came to be called *fureai kippu*, usually translated as "caring relationship tickets".[31] The idea was simple. A volunteer who spent an hour helping an older person, with shopping, housework, companionship or personal care, earned a credit for that hour. The credit could be saved, to be drawn on when the volunteer needed care herself, or transferred to someone else, typically a parent living in another part of the country, who could then receive care from a volunteer there. The idea had an older antecedent in Osaka, where a Volunteer Labour Bank had been set up in 1973.

Ecstatic Economics mentions the system in its discussion of time banking, describing it as a scheme "where people earn credits by caring for elderly neighbors", and draws from time banking in general a somatic point: the "experience of receiving care from a stranger who will be cared for in turn by another stranger." That phrase is an exact description of what *fureai kippu* tried to build: a gift economy that did not depend on knowing the person you gave to, because the circulation was held by the system as a whole.

Read through the three obligations, the design is ingenious. It solves the problem of giving to people one will never meet by keeping a record, and it solves the problem of return across distance by making the credit transferable. A woman in Osaka caring for a stranger's mother is, in effect, giving to her own mother in Hokkaido, through a chain of strangers.

Where the ticket ran into trouble

Here the evidence requires care, because the popular literature on *fureai kippu* is far more confident than the research.

The most careful study available in English, by Mayumi Hayashi, traces the system's origins, its early growth, its slowdown after 2000 and the responses to it, and weighs its contributions against its operational difficulties. Her conclusion is that the system is so complex that it is hard to evaluate, and that "no universal panacea can be expected from it."[31] Other accounts note that the system's growth stalled after Japan introduced public long-term care insurance in 2000, which gave many older people access to paid care through a different route, and that the details and outcomes of the schemes remain poorly documented.

The house's own book is more confident than this. It says that "The research on time banking consistently shows improvements in social cohesion, reciprocity, and the inclusion of people — elderly, disabled, unemployed — who are marginalized by conventional monetary systems." For *fureai kippu* specifically, the research in English does not bear that much weight, and a reader should not repeat the claim in that form. What the record supports is narrower: the system was built, it grew, it attracted members, it did something real for some of them, and it met difficulties that its designers did not fully foresee.

Three of those difficulties are worth naming, because each is a lesson about gift economies in general.

The record became a ledger. The genius of the ticket was that it kept a record, so that a gift to a stranger could be returned across distance and time. The risk of the ticket was the same record. A credit that can be saved and counted begins to look like a price, and Chapter 3 showed what happens when a gift is priced. A system that set out to hold a gift economy together had to keep it from turning into a market for hours.

A public price arrived alongside it. When public care insurance offered paid care as an entitlement, many families had a simpler option. The gift economy did not vanish, but it had to compete with a priced service for the same need. This is Polanyi's argument, which the sibling volume on embedded markets sets out (*The Embedded Market*), at the scale of one sector: when an exchange that ran on reciprocity is offered through a market or a state instead, the reciprocal version has to find a reason to exist beyond the service itself.

The relationship was thin. The design's great strength, that one could give to strangers, was also its limit. The irrigators of Valencia know each other and will go on knowing each other for decades. A volunteer and the person she helps may meet a handful of times. Chapter 3's field experiments showed what happens to reciprocity when the relationship is thin: a strong first response that fades. The transferable credit was an attempt to substitute a record for a relationship. It worked partly, and the part that did not work is the most instructive part.

What the two communities teach together

Set side by side, the Valencian irrigators and the Japanese care tickets make a single argument with two halves.

The first half is from Valencia. A gift economy lasts when the obligations are visible to the people who bear them, and when the community has an immune system it owns. The channel makes giving and receiving visible without anyone needing to keep accounts. The tribunal makes the community's response to taking without giving local, public, quick, proportionate and owned. Neither feature depends on a price.

The second half is from Japan. When the relationship is thin, a record can carry the gift some of the way, but the record is a risk as well as a help. Counting can hold a circulation together across distance. Counting can also turn a gift into a price. The design question is how much to record, and how to keep the record serving the relationship rather than replacing it.

For a modern organisation, both halves apply at once. A firm of any size has close relationships, where the Valencian lesson holds, and thin ones, across sites, functions and time zones, where something like the ticket is tempting. The temptation is to solve the thin relationships with a record: a recognition platform, a points system, a log of help given and received. Chapter 9 sets out how to keep any such record from becoming the ledger that ends the gift.

The living-systems reading

Ecstatic Economics describes the commons as "an economic domain organized around stewardship rather than extraction, participation rather than consumption, and relationship rather than transaction." The Valencian channel is that sentence made of stone and water. It also shows something the sentence does not say, which is that stewardship needs an organ for it. The tribunal is that organ. It is not a court imposed on the commons from outside. It grew from the commons, as an immune system grows from the body it defends.

The Japanese tickets show the same living system under strain. A circulation that crossed a whole country could not be held by neighbours watching each other's gates. It needed a record, and the record, like a prosthesis, did some of the work of the missing tissue and none of the healing. That is not a failure of the people who built it. It is an honest result of trying to grow a gift economy where the relationships were not yet thick enough to carry it.

Back at the cathedral door

On most Thursdays, the eight farmers at the Apostles' Door hear no case at all. The bailiff calls the channels, nobody comes forward, and the tribunal rises after a few minutes.

That is the tribunal working. Its success is measured in the cases it does not hear: the disputes settled at the gate because both farmers knew that, if they were not, they would be settled by neighbours, in public, on Thursday. A good immune system is mostly invisible. Its presence is enough.

The Tool: The Community Immune-System Check

A review for a team, a department or a household, of how the group answers people who take without giving. It takes forty-five minutes and is best done with three or four people who see the group from different places.

1 · Name the last three times (10 minutes).Write down the last three occasions on which someone in the group took without giving, or failed to return what was owed: a deadline missed that others covered, a share of work avoided, a promise not kept. Describe each in one line, without names.

2 · Describe the response (10 minutes).For each, write what happened next. Who noticed? Who said something, and to whom? Was there any consequence? How long did it take?

3 · Score the response against Valencia (10 minutes).For each response, answer five questions with yes or no:- Local: was it handled by people who knew the work and the people involved?- Public: could the people affected see what was decided and why?- Fast: was it settled within a week?- Proportionate: was the response the smallest that would work, rising only if repeated?- Owned: do the people in the group regard the rule that was applied as theirs?

4 · Look for autoimmunity (5 minutes).Ask whether any response in the last year fell on a person who was giving rather than taking: a generous colleague criticised for doing too much, a newcomer punished for not yet knowing the norm. Write down any example. This is Herrmann's antisocial punishment, from Chapter 4, in your own group.

5 · Choose one repair (10 minutes).Pick the weakest of the five features across your three cases. Decide one change that would strengthen it: a standing slot in a weekly meeting where any member can raise a broken obligation (fast, public); a short rule the group writes itself (owned); a first response that is a conversation, not a sanction (proportionate). Write it down with a start date.

Review in a quarter. The measure is not the number of sanctions. It is the number of disputes settled at the gate, before they needed a Thursday.

CHAPTER EIGHT

The Field Manual: Thirteen Weeks

Why a sequence

Everything in the earlier chapters can be done in any order, and most leaders who read them will be tempted to start with the part that interests them most: a new recognition scheme, a pay review, a conversation with the team. This chapter argues for an order, and the order matters for a reason the evidence has already given.

A gift economy is easily damaged by clumsy intervention. The Haifa fine, the bonus that teaches people to wait for a bonus, the sanction that falls on the generous: each was an intervention made before anyone had looked at what was already moving. The sequence below is built so that nothing is changed until it has been seen, nothing is designed until the people who give most have been heard, and nothing is measured in a way that tells people they are not trusted. It takes thirteen weeks, a quarter, because a reciprocal system is read over seasons and not rounds, and a quarter is the shortest season most organisations keep.

The manual is written for a team or a department of between eight and about eighty people, led by one person with authority over its budget and its rules. A larger organisation runs it unit by unit, starting with one, and Chapter 9 explains how to compare them. A household runs a shortened version, built on Chapter 11 and set out in the workbook at the back of the book.

The roles

Four roles are needed. In a small team one person may hold two of them; the sponsor should never hold the steward's.

The sponsor. The leader with authority over pay, rules and budget for the unit. The sponsor makes the decisions in weeks five, eight and thirteen, protects the time the work needs, and does one thing that is harder than it sounds: refrains from announcing anything until week six.

Two stewards. The people who run the sequence week to week. One should be someone the sponsor regards as a natural organiser. The other should be, by the team's own reputation, one of its most generous givers: the person who stays late, covers shifts, answers questions nobody else will. The second steward is

chosen because she can see the gift economy from inside it, and because the sequence's first findings will usually be about people like her.

The sceptic. One person, named openly, whose job is to ask at every step what could go wrong, what the evidence will not bear, and what the team will hear in each proposal. The sceptic reads Chapter 3 before week one. Making scepticism a role, rather than a mood, keeps it from turning into opposition.

The listeners. Two or three people, not in the unit's management line, who conduct the private conversations in weeks three and four. They may be from a neighbouring team, from human resources, or from outside. What matters is that people can speak to them without wondering whether it will reach their manager attached to their name.

Weeks 1 and 2 · See

The aim. To make the existing gift economy visible to the people running the sequence, without changing anything.

Week 1. The stewards and the sponsor each complete the Three Obligations Audit from Chapter 2 separately, for the relationship between the team and its management, and for the relationship between the team and one neighbouring team it depends on. They do not compare notes until the end of the week. When they do, the most useful finding is usually the difference between the sponsor's list and the generous steward's. The sponsor typically lists fewer gifts in the *Give* column and more in *Return*. The steward typically lists more gifts and fewer returns. Write down the difference. It is the first measure of how much of the team's giving its leader cannot see.

Week 2. The two stewards draw the Circulation Map from Chapter 4 for the whole unit, together. They mark the pools, the people with many arrows leaving and few returning, and the saplings. They also complete the Crowding-Out Check from Chapter 3 in reverse: not for a proposed incentive but for every incentive, metric, fine, bonus and tracking system the team already lives under. For each, they write the sentence it says without saying it.

Decision for the sponsor at the end of week 2. None. The sponsor reads the map and the reverse check and asks questions. Nothing is announced. This is the hardest instruction in the manual for most leaders, and the most important. An announcement in week two, before anyone has been heard, is a gift designed by the giver, and Chapter 5 showed where that leads.

What can go wrong. The map turns into a performance review. The defence is to write no judgements on it, only flows, and to keep it between the stewards and the sponsor. The sceptic checks the map at the end of the week and strikes out any label that reads as an assessment of a person rather than a description of a flow.

Weeks 3 and 4 · Listen

The aim. To hear from the people at the pooling points, and from a sample of everyone else, what they see about giving and returning in the unit.

Week 3. The listeners hold a private conversation of about thirty minutes with every person the map shaded as a pool, and with a further sample of at least a third of the unit, chosen to include new members, long-serving members and anyone the sceptic suggests. Three questions are asked, in this order, and the listener writes the answers in the person's own words:

1. "Where does what you give here, beyond your job, feel returned, and where does it not?"
2. "Is there anything the team or its management does, or measures, or rewards, that makes it harder to give?"
3. "If there were a sum of money or time available to make your work better, what would you want it spent on? It does not need to be for you."

The third question is a version of the one Maren asked in Chapter 5, widened to time as well as money, with a last sentence she did not use. That sentence matters. It invites the answer that Mellström and Johannesson's donors gave when they were allowed to: redirect the gift.

Week 4. The listeners group the answers without names, and present them to the stewards and the sceptic. Three lists come out of the session: the places where giving is not returned, named as places rather than people; the incentives and rules that people say make giving harder; and the things people would want a budget spent on, with the number of times each was mentioned.

Decision for the sponsor at the end of week 4. One, and it is small. The sponsor chooses whether to share the grouped findings with the whole unit in week six. The recommendation of this manual is yes, in summary, without names. A team that has been asked and then hears nothing has been given a reason to stop answering.

What can go wrong. People say what they think the sponsor wants to hear. The defence is the listeners' independence, and the third question, which is easier to answer honestly because it is about what one would want, not about what is wrong. If the answers seem uniformly positive, the sceptic says so, and the listeners hold a second round with a different sample.

Weeks 5 and 6 · Correct

The aim. To close every gap between what people are owed and what they are paid, before anything is offered as a gift.

Week 5. The stewards and the sponsor, with whoever holds the payroll, complete Part A of the Gift Design Sheet from Chapter 5 for every role in the unit. Three comparisons are made: pay against the local market

for the same work, using a named and dated source; pay and conditions against the commitments the organisation has made, written or spoken, including promotions promised, reviews delayed and overtime unpaid; and pay and conditions between people doing comparable work inside the unit. If the sponsor has not done so, the True Cost of a Wage from Chapter 6 is run at the same time, so that the cost of any correction can be set against the cost of the turnover it may reduce.

Decision for the sponsor at the end of week 5. The corrections. Every gap found is closed or scheduled to close, through the contract, on a stated date. The sponsor decides the order if the budget will not close them all at once, and records why.

Week 6. The corrections are made, and the unit is told what was found and what was done, plainly and without ceremony. This is the first announcement of the sequence. It contains three things: a summary of what people said in the listening, without names; the corrections, described as corrections and not as gifts; and the next step, which is that the remaining budget will be spent on what people asked for, and that the stewards will come back with a proposal.

The language of the announcement matters more than its length. A correction presented as generosity is read, correctly, as an attempt to be thanked for paying what was owed. The book's own warning is the right one to keep in mind: "you can't make an unjust system transparent and expect positive results." The announcement says what was unjust, says that it has been fixed, and stops.

What can go wrong. The budget is too small to close the gaps. That is a finding, not a failure, and it is reported as one. A sponsor who cannot close the gaps should not proceed to design gifts. A gift laid over an uncorrected unfairness is read as part of it. The sequence pauses at week six until the corrections are funded, and the sponsor says so.

Weeks 7 and 8 · Design the gifts

The aim. To spend what remains on what people asked for, in forms they can refuse, with no conditions.

Week 7. The stewards complete Parts B and C of the Gift Design Sheet, using the listening findings as Part B. For each candidate gift they fill in the line: recipient, gift, why it was chosen for them, whether it can be declined without cost, and whether any condition is attached. Any gift that cannot be declined, or carries a condition, is rewritten or moved to the contract line. The sceptic reads every line aloud and asks what the person receiving it will hear.

Three kinds of gift tend to emerge, and the stewards should look for all three. The first is time: rotas fixed further ahead, a protected afternoon, a day for development. The second is choice: control over something that is currently decided for people, such as which van, which shift pattern, which training. The third is removal: taking away something that makes giving harder, often a report, a metric or an approval step that people named in week three.

Week 8. The sponsor reviews the proposal with the stewards and the sceptic.

Decision for the sponsor at the end of week 8. Which gifts to make. The sponsor should resist two temptations. The first is to replace what people asked for with what the sponsor would have preferred to give. The second is to add a condition at the last moment, usually in the form of a reporting requirement: "we will fund the development day, and we would like a short report afterwards." That sentence turns a gift into a contract with a deliverable. If a report is genuinely needed, it belongs on the contract line, and the day should be described as work.

What can go wrong. Some people asked for things that cannot be given. The defence is to say so, specifically, to the person who asked, with the reason. A request that is declined with a reason is a received request. A request that disappears is a refused gift, and Chapter 2's audit counted those.

Weeks 9 and 10 · Remove the prices, build the immune system

The aim. To take out, or redesign, the incentives that crowd out giving, and to give the team a way of answering broken obligations that is local, public, fast, proportionate and owned.

Week 9. The stewards return to the reverse crowding-out check from week 2, now with the listening findings beside it. For every incentive, metric or rule that people named as making giving harder, and that fails Bowles's four questions on two or more counts, they propose one of three things: remove it; redesign it so that the reward can be redirected or so that it measures the group rather than the individual; or keep it, with a written reason the team can read.

At the same time, the stewards run the Community Immune-System Check from Chapter 7 with three or four members of the team. They choose one repair.

Week 10. The changes are made and explained. Removing a metric is explained as plainly as a correction: "We were counting this. You told us it got in the way of the work. We have stopped." The repair to the immune system is introduced with the team, not to it: if the repair is a standing slot in a weekly meeting where anyone can raise an obligation that was not kept, the team decides how the slot will run.

Decision for the sponsor at the end of week 10. Which incentives to remove and which to keep. The sponsor should know that removal does not instantly restore what an incentive crowded out. The Haifa parents did not return to their old punctuality when the fine was lifted. Expect a slow recovery, and do not reintroduce the incentive because the recovery is slow.

What can go wrong. Someone senior insists that a metric is essential. Often it is, for a purpose other than motivation: compliance, safety, billing. The defence is to separate the purposes. A metric needed for compliance can be collected without being displayed as a ranking, tied to a bonus or used in a conversation about effort.

Weeks 11 and 12 · Receive

The aim. To practise Mauss's second obligation, the one leaders neglect most, until it becomes habit.

Week 11. The sponsor, the stewards and any other managers in the unit begin the Weekly Reciprocity Ledger from Chapter 12. Every Monday, each lists three gifts received in the previous week that were not owed, and writes one specific sentence of acknowledgement for each, to be said that day, to the person, naming exactly what they did and what it made possible. "Thank you for all your hard work" does not count. "The draft you sent on Tuesday meant we could move the order before the price changed" does.

The gifts themselves are made this week, each with one sentence naming what was noticed, as Part E of the Gift Design Sheet sets out. Nothing is asked for in return. The gift is not mentioned again.

Week 12. The stewards return to the people at the pooling points identified in week two and ask one question: "Since we last spoke, has anything changed in whether what you give here feels returned?" They write the answers down.

Decision for the sponsor in weeks 11 and 12. None. The work of these weeks is practice, not decision.

What can go wrong. Acknowledgement becomes a ritual, delivered to everyone at the same meeting in the same words. The defence is specificity. An acknowledgement that could be given to anyone has been given to no one.

Week 13 · Read the season

The aim. To read what happened honestly, decide what to keep, and set the next season.

The stewards and the sceptic prepare a short report for the sponsor using the reading framework in Chapter 9. It has four parts: what was changed, and when; what was measured before and after, with every source; what else changed in the same quarter that could account for any difference; and what the team now believes, what it cannot tell, and why. The stewards redraw the Circulation Map and set it beside the first one. They repeat the Three Obligations Audit for the same relationships and count the items in *Return*.

Decision for the sponsor at the end of week 13. Three decisions. What to keep. What to stop. And whether to run the sequence again in the next quarter, with the same team or with a neighbouring one.

The report is shared with the team in summary. A team that took part in a season and never heard what it amounted to has been asked to give and then not received.

A note on scale and on gain

At the scale of a single team, the sequence works almost entirely on the gift line and the contract line: what people are owed, and what is given beyond it. At the scale of a whole organisation, a third line appears, which is what happens to the gain that the discretionary effort helps to produce. Chapter 6's warehouse figures are, among other things, an account of a gain that the firm kept as operating profit per worker.

The history of gainsharing (*The Gain Was Always Shared*) and the evidence on employee ownership (*Owning the Work*) follow organisations that decided to share that gain with the people who produced it, and what the research found when they did. The principles of this book apply to those arrangements with full force: a shared gain is received as a gift only if people can see how it was produced and have a say in the work that produced it. A leader who has run this sequence once is in a much better position to design one, because she will know where her organisation's gift economy runs, and what it is sensitive to.

The sequence on one page

WEEKS	AIM	TOOLS	SPONSOR DECIDES
1–2	See	Three Obligations Audit; Circulation Map; reverse Crowding-Out Check	Nothing. No announcement.
3–4	Listen	Three questions, asked privately by listeners	Whether to share findings (recommended: yes)
5–6	Correct	Gift Design Sheet Part A; True Cost of a Wage	Corrections, through the contract, dated
7–8	Design	Gift Design Sheet Parts B and C	Which gifts, with no conditions added
9–10	Remove prices; build immune system	Crowding-Out Check; Community Immune-System Check	Which incentives to remove or keep
11–12	Receive	Weekly Reciprocity Ledger; Gift Design Sheet Part E	Nothing. Practice.
13	Read the season	Chapter 9's reading framework; redrawn map; repeat audit	Keep, stop, run again

The Tool: The Sponsor's Commitments

A one-page commitment the sponsor signs in week one and the stewards keep. It exists because the sequence fails, most often, by the sponsor acting early.

I will:1. Make no announcement about this work before week six.2. Read every finding before I decide anything, and ask questions before I offer views.3. Close every gap between what people are owed and what they are paid before I offer anything as a gift, or pause the sequence and say why.4. Make no gift that cannot be declined, and attach no condition to any gift.5. Remove, or justify in writing, every incentive the team tells me makes giving harder.6. Practise the Weekly Reciprocity Ledger myself from week eleven, and keep it for at least a further quarter.7. Share what we found in week thirteen with everyone who took part.

Signed: __ Date: _*Stewards: Sceptic:* ___

CHAPTER NINE

Measuring What Is Given



Measuring What Is Given

HAUTE LUMIÈRE · THE CHANNEL KEEPS IT · CHAPTER NINE

The problem with counting gifts

Every chapter so far has run into the same difficulty and stepped around it. The gift economy is valuable, the evidence says, and fragile, and a leader would like to know whether hers is healthy. But the obvious way of finding out, counting the gifts, is one of the surest ways of damaging them.

The difficulty is not hypothetical. Chapter 3 showed how a fine became a price and a payment nearly halved the supply of new donors among women. Samuel Bowles's review named four ways an incentive crowds out what it rewards, and one of them, conveying distrust, applies to measurement as much as to money. A team that discovers its manager is logging who stays late has been told, without a word, that staying late is now a performance. Some people will stay later. Some will stop. Almost nobody will go on staying late for the reason they used to.

This chapter sets out how to measure a gift economy without becoming the thing that ends it. It is the most technical chapter in the book and, for a leader who has to report to a board, probably the most useful.

What there is evidence for

Organisational researchers have a name for the economy this book describes. In 1988 Dennis Organ called it organisational citizenship behaviour: individual behaviour that is discretionary, not directly or explicitly recognised by the formal reward system, and that in the aggregate helps the organisation function. Helping a colleague with a heavy workload, orienting a new hire, speaking up with a suggestion, attending a meeting nobody had to attend: these are the examples that recur in the literature, and they are exactly the items that turn up in the *Give* column of Chapter 2's audit.

In 2009 Nathan Podsakoff, Steven Whiting, Philip Podsakoff and Brian Blume brought together the research on what such behaviour is associated with.[32] Pooling 168 independent samples, covering more than 51,000 people, they found that at the level of the individual, citizenship behaviour was related to managers' ratings of performance, to reward decisions, and to lower turnover intentions, turnover and absence. In a smaller set of thirty-eight studies at the level of the unit, it was related to productivity, efficiency, lower costs, customer satisfaction and lower unit turnover. The relationships with unit performance were somewhat stronger in studies that followed units over time than in snapshots, which the authors took as partial evidence that the behaviour helps cause the performance rather than only accompanying it.

That is the strongest general evidence available that the economy nobody invoices shows up, eventually, in the figures somebody does invoice. It has limits a leader should know before quoting it. Most of the studies are correlational. Many rely on ratings by managers or by the people themselves. And the finding that citizenship behaviour affects reward decisions has a shadow: once people learn that helping is noticed and rewarded, some of the helping becomes a bid for reward, which is the crowding-out problem arriving through the back door.

So the evidence says the gift economy matters to performance, and it says, by implication, that measuring it in a way people can see as tied to reward will change it. Both halves govern what follows.

Four rules for measuring a gift economy

Rule 1. Measure the group, not the person. Akerlof's cash posters shared a norm. Fehr's conditional cooperators responded to what the group did. Cascio's warehouse figures were firm-wide. The unit at which reciprocity operates is the group, and the unit at which it should be measured is the group too. A count of volunteered shift cover across a team is a reading of the team's gift economy. The same count broken out by person is a league table, and a league table converts a gift into a competition.

Rule 2. Measure the return, not the gift. The healthiest sign in a gift economy is not how much is given but how much circulates back. A unit where a few people give a great deal and nothing returns to them has a high gift count and a failing economy. Chapter 4's Circulation Map counts pools for exactly this reason. The measure that matters is the share of giving that is returned, received and answered.

Rule 3. Keep the measure away from the money. No figure from this chapter should feed a bonus, a performance rating or a pay decision for an individual. The moment it does, the gift line and the contract line have been joined, and Chapter 3's rule four, that money and meaning travel on separate lines, has been broken. If a board wants these figures to influence pay, the right place is the unit's overall budget or a shared gain, not anybody's individual award.

Rule 4. Say what the number cannot see. Every reading of a gift economy is partial, and an honest one says so in the same breath as the figure. This is not modesty. A number reported without its limits invites a decision it cannot support.

What to count

With the rules in place, a small number of measures do most of the work. A unit should choose no more than four, and should be able to collect all of them without asking anyone to report on their own generosity.

Unprompted cover. How often, when someone is ill or absent, is the gap filled by a volunteer rather than by assignment? Most rotas and shift systems already record who covered; adding whether it was asked for is a small change. Rising unprompted cover is Akerlof's gift coming back, in the most literal form available. Maren's kitchen in Chapter 5 chose this measure, and it is the best single measure for any unit that runs shifts.

Turnover after the first year. Cascio's six percent at Costco is the model. Overall turnover mixes people who never entered the exchange with people who were in it and left. Turnover among people past their first year reads whether the exchange holds once people are inside it. It is already in every payroll system.

Pools on the map. The number of shaded circles on the quarterly Circulation Map. This is a count the stewards make, not one anyone reports on themselves, and it measures Rule 2 directly. A falling number of

pools, with saplings beginning to send arrows of their own, is the clearest reading of a gift economy coming into balance over a season.

Items in Return. The count of items in the *Return* column of the Three Obligations Audit, repeated quarterly for the same relationships. It measures Mauss's third obligation at the level of a relationship between two groups, which is where most organisations' gift economies quietly stop.

Suggestions adopted, and the time to answer. If a unit wants a measure of ideas offered, it should count not the number of suggestions but the share of suggestions that receive a specific answer within a set time, adopted or declined with a reason. This measures Mauss's second obligation, receiving, which Chapter 12 calls the cheapest act in the book and the one most often skipped. A suggestion that disappears is a refused gift.

Two measures are deliberately missing from this list. The first is any individual count of helping, such as peer-recognition points per person. The second is any survey that asks people to rate how generous their colleagues are. Both break Rule 1, both invite the competition the rules exist to prevent, and both convey to people that their generosity is under review.

How to collect without crowding out

The method of collection matters as much as the measure. Three practices keep it from becoming surveillance.

Use records that already exist. Rotas, payroll and the minutes of meetings already hold most of what is needed. A measure built from existing records adds no new act of reporting and sends no new message.

Let the stewards count, not the managers. The people who draw the map and run the audit should be the stewards of Chapter 8, one of whom is a generous giver herself. When the counting is done by people inside the gift economy, it reads as attention. When it is done by management, it reads as inspection.

Tell people what is counted and why, once. Hidden measurement, discovered, is the worst case: it confirms the distrust Bowles warned about and adds deceit. Telling the team, in one sentence, that the unit now counts unprompted cover across the whole team, never by person, so that it can see whether its changes are helping, is usually enough. Then stop talking about it.

How to read the numbers honestly

A season's figures will move. The hard part is saying what the movement means, and what it does not.

Every reading should answer four questions, in writing, before anyone draws a conclusion. Chapter 8's week thirteen uses these as the report's structure.

What did we change, and when? List every change: corrections to pay, gifts made, incentives removed, the immune-system repair, the start of the ledger. Give each a date. A reading that does not know when things changed cannot say what caused anything.

What did we measure, before and after, from what source? Give each figure with its source and the period it covers. Compare like with like: the same quarter last year as well as the quarter before, because many units, like Maren's kitchen, have seasons.

What else changed in the same period? A new manager, a busy season, a change in the local labour market, a reorganisation next door, a price rise. Write them all down. This is the list that keeps a team from crediting its own work with what the calendar did.

What do we now believe, and what can we not tell? Write the belief plainly. Then write what the evidence cannot separate. Chapter 5's kitchen could not tell whether the correction, the gifts or the absence of inspection did the work, and said so. That is not a weak report. It is the only kind a board should trust.

A unit that runs the sequence in more than one team can do better. If two comparable teams start the sequence a quarter apart, the second serves for one quarter as a rough comparison for the first. This is not a controlled experiment, and it should not be reported as one, but it separates some of what the calendar did from what the team did. A larger organisation can stagger the start across several units deliberately, which is the nearest most firms will come to the design that Raff and Summers could not have at Highland Park.

The figures a board will ask for

Boards will usually ask for two things this chapter has so far kept at a distance: money, and individual accountability. Both can be given without breaking the rules.

Money. The True Cost of a Wage from Chapter 6 translates turnover into cost, and turnover after the first year is already on the list of measures. A falling churn cost is a figure in currency, with its assumption stated, and it is often large enough to carry a board on its own. Productivity figures for the unit, already collected, can be placed beside the gift-economy measures, with the four questions answered, so that the board can see whether they moved together.

Accountability. The board can and should hold the sponsor accountable for running the sequence, for closing the gaps between pay and what is owed, and for the unit-level measures. What it should not do is ask for the gift-economy measures broken out by person. If a board member asks, the answer is the evidence of Chapter 3, stated plainly: the moment these figures are attached to individuals, they begin to measure a competition rather than a gift. Chapter 10 sets out a script for that conversation.

The deepest measure

There is one more reading, and it cannot be put in a table.

Ecstatic Economics warns, in its account of what goes wrong when good intentions meet economic reality, that "If a cooperative measures its success only in financial terms, it will gradually drift toward extractive behavior." The warning applies to any organisation. What is measured is what is attended to, and what is attended to grows. A unit that measures only output will, over time, become a unit organised around output, and the economy nobody invoices will be squeezed into whatever room is left.

The book's own answer, in its account of what all its working alternatives share, is the feedback loop: "making the impact of economic decisions visible, felt, and somatically real." The measures in this chapter are an attempt to make the gift economy visible without making it a performance. But the last test is the one the book keeps returning to, and no figure stands in for it: whether the people giving feel that what they give is received. The only instrument for that is the question Chapter 8's listeners ask, put to the people at the pooling points, and the answer, written in their own words.

A season in which every figure improved and the generous steward says, privately, that nothing has changed for her, is a season that has not worked yet. A season in which the figures barely moved and she says that, for the first time in years, she feels her giving is returned, is a season that has. Report both, with the figures first and her words beside them. A board that hears both will understand what is being measured.

The Tool: The Season Report

A two-page report, prepared at the end of each quarter by the stewards and the sceptic, for the sponsor and, in summary, for the team.

Page one · The figures.

MEASURE (MAX FOUR)	SOURCE	SAME QUARTER LAST YEAR	LAST QUARTER	THIS QUARTER

Below the table, two lines:- What none of these figures can see:- What would have to be true for these figures to mislead us:

Page two · The reading.

1. What we changed, and when. (List with dates.)
2. What else changed in the same period. (List: staff, season, market, organisation.)
3. What we now believe. (Plain sentences.)
4. What we cannot tell. (Plain sentences.)

5. In their words. Two or three sentences, without names, from the people at the pooling points, in answer to: "Has anything changed in whether what you give here feels returned?"
6. Next season. What we will keep, what we will stop, what we will try.

A check before it goes out. Read the report aloud with the sceptic. Strike any sentence that credits the team's changes with a movement the second list could explain. Strike any figure that names or could identify a person.

CHAPTER TEN

The Hard Conversations

Why this chapter has scripts

Most of what goes wrong with a gift economy goes wrong in a room. Not in the design, which can be careful, but in the meeting where the design is explained to someone who did not take part in it and has reasons to doubt it. The board member who wants a return on investment. The union representative who has seen generosity used before as a prelude to cuts. The partner firm that suspects it is being asked for something for nothing. The colleague who thinks the whole idea is soft. The family member who hears a proposal about money and gifts as a judgement on how the family has been living.

Each of these people is, in a sense, right to be wary. Chapter 3 showed that the gift can dominate, that it can be used to close a line rather than open one, and that the house's own book overclaimed on the chemistry of trust. A sceptic who has noticed any of these things has noticed something real. The conversations in this chapter start from that fact. They do not try to win. They try to say what is true, in the order the other person needs to hear it, and to leave the line open.

The scripts are offered as shapes, not texts to be recited. Read them aloud once, then put them into your own words.

The principle beneath every script

In 1960 the sociologist Alvin Gouldner published a paper called "The Norm of Reciprocity", arguing that a norm requiring people to help those who have helped them, and not to harm them, is found across cultures and is one of the components of social order.[33] He also observed something that matters in a hard conversation: the norm cuts both ways. A person who feels they have been given something feels bound to return it. A person who feels they are being manoeuvred into an obligation they did not choose feels, with equal force, the injustice of it.

Every hard conversation about the gift economy is a conversation in which the other person is checking which of these is happening. So the principle beneath every script is the one Chapter 3 drew from the potlatch: the conversation itself must be refusable. Say what you propose, say what it is not, say what the other

person is free to decline, and mean it. A proposal that cannot be turned down without cost is not a gift and will not be received as one, however it is framed.

The board

What they are worried about. That this is a cost without a return, that it rests on soft science, and that it will be hard to stop once started.

What not to do. Do not open with the neurochemistry of trust. Chapter 3 set out why: the oxytocin findings have not replicated well, and a board member who knows that will stop listening. Do not promise an outcome. Do not present the gift economy as a lever that will raise productivity by a predictable amount. None of these is supported, and the board will be right to discount the rest of what you say if you claim them.

What to say first. The cost the board is not seeing.

> *"Before we talk about anything new, I want to show you a cost we are already paying and not recording. Last year we lost [number] people from this unit, [number] of them after their first year. On a conservative estimate of what it costs to replace someone, that is [figure] a year. That figure is not in any budget line. It is in recruitment, training, overtime and the mistakes new people make."*

This is Chapter 6's True Cost of a Wage, and it does the work Cascio's article did: it challenges the assumption that labour rates equal labour costs, using the board's own figures.

What to say second. What the evidence supports, and what it does not.

> *"The research on this is mixed in an instructive way. Paying people more on its own, without a relationship behind it, tends to produce a strong first effect that fades. What holds up better is the combination: pay that people regard as fair, gifts that are chosen for them and come with no strings, and not undermining what they already do with incentives that tell them we don't trust them. There is a large body of research linking this kind of discretionary effort to unit productivity, lower costs and lower turnover. Most of it is correlational. I am not promising you a number."*

What to say third. What is proposed, its cost, and how it can be stopped.

> *"I am proposing a thirteen-week sequence in one unit. Its cost is [figure]: [corrections, gifts, time]. The first six weeks change nothing except to look and listen. If at week six we find that we cannot close the gaps in pay, we stop and report. At week thirteen we will report what*

> *changed, what we measured, what else happened in the same period, and what we can and cannot tell. You can stop it at any of those points."*

If they ask for individual metrics. This is the moment Chapter 9 prepared for.

> *"We will report everything at the level of the unit. We will not break the gift-economy figures out by person, and I'd ask you not to want us to. The evidence is clear that once people know their helpfulness is being scored individually, it starts to measure competition for the score rather than the help. You can hold me accountable for the unit's results. That is where the accountability belongs."*

If they say it is soft. Agree with the part that is true and correct the part that is not.

> *"Some of what is written about this is soft, including some of what our own sources say about hormones. The part I am relying on is not. It is the experimental and field evidence on what happens when you put a price on something people were doing for free. It has turned up in laboratory experiments, in day-care centres and, among women, in blood donation. The usual finding is that the behaviour you were paying for goes down."*

The union

What they are worried about. That generosity is a prelude to something worse; that gifts will be used to avoid a pay negotiation; that a programme about goodwill is a programme about extracting more unpaid effort.

Each of these has happened often enough to be a reasonable expectation. Ford's five-dollar day came with investigators in the home. The gift that substitutes for fair pay, so that asking for a raise feels like ingratitude, is the commonest workplace form of the gift that dominates.

What to say first. The contract comes first, and the contract is theirs to negotiate.

> *"I want to start with what this is not. It is not a substitute for pay. The first thing the sequence does, before anything is offered as a gift, is check every role against the market, against what we've promised, and against what others doing the same work are paid, and close the gaps through the contract. I'd like you to see those comparisons and tell me if we have the sources wrong."*

What to say second. What will not be asked.

> *"Nothing in this asks anyone to do more unpaid work. The gifts are things people asked for, they come with no conditions, and anyone can turn them down. We are not adding any measure of individual effort. If anything, we'll be removing measures people tell us get in the way."*

What to offer. A role.

> *"One of the roles in the sequence is a sceptic, whose job is to ask at every step what could go wrong and what people will hear. I'd welcome someone you nominate in that role. They'll see everything the stewards see."*

The offer of the sceptic's role is the most important line in this conversation. It turns the union from an audience into a participant, and it gives the people most likely to spot the gift that dominates the means to stop it.

If they say no. Accept it, and say what you will do instead.

> *"That's understood. We'll go ahead with the corrections regardless, because people are owed them. We'll share the listening findings with you, without names. And the offer stands."*

A partner firm

What they are worried about. That a proposal to "work more as partners" is a request for favours without payment, and that goodwill will be drawn on until it runs out.

Gift economies between firms are real. Chapter 2's audit for a firm and its suppliers usually finds them: the early warning of a price change, the order expedited without a fee, the draft forecast shared before it is final. They are also fragile in a particular way, because each firm answers to its own owners and the line between partnership and exploitation is easy to cross.

What to say first. Name what is already given, specifically, and receive it.

> *"Before we talk about anything new, I want to say what we've noticed. When our order slipped in March, your team moved us up the queue without charging for it. That kept a client of ours. We didn't say so at the time, and we should have."*

This is Mauss's second obligation, receiving, and it is the most disarming thing one firm can do for another. Almost nobody does it.

What to say second. What you can offer, separated from what you are contracting for.

> *"We'd like to keep the contract exactly as it is, priced fairly, and separately to offer something we think is useful to you: [an early view of our forecast, access to our training, a named contact who answers within a day]. There's nothing attached to it. If it isn't useful, say so and we'll stop."*

What not to do. Do not propose a gift in the same breath as a price negotiation. A gift offered in a negotiation is read as a concession to be traded, and it will be.

The sceptical colleague

What they are worried about. That this is sentimental; that it distracts from the work; that the people who give most will be exploited further, or that the people who give least will be rewarded.

The sceptical colleague is often the most valuable person in the room, because their objections are usually specific. Give them the sceptic's role formally, as Chapter 8 recommends, and the conversation changes from opposition to contribution.

What to say.

> *"I'd like you to be the person whose job is to tell us where this goes wrong. You don't have to believe in it. Read the chapter on what the evidence doesn't support, and then watch everything we do for those mistakes. If you see us making one, say so, and we'll stop and fix it."*

If they say the generous will be exploited. Agree, and show them the map.

> *"That's the biggest risk, and it's the first thing we look for. The map in week two marks the people whose giving isn't coming back. They're the first people we listen to."*

If they say free riders will be rewarded. Show them the immune system.

> *"Some of the people taking more than they give are new, or carrying something at home, and they'll give back later. Some aren't. The sequence separates the two, and part of it is building a way for the team to raise a broken obligation openly and quickly. Not a sanction from me. A conversation the team owns."*

A family

The last conversation is the hardest, because the stakes are personal and nobody in a family thinks of what they do as an economy. Chapter 11 is devoted to households; this is the conversation that opens the subject.

What they are worried about. That being asked about money and gifts is an accusation: of ingratitude, of taking too much, of keeping score.

What not to do. Do not begin with a ledger. Do not begin with a grievance. And do not begin by describing the family as an economy; it will be heard as a reduction of the family to one.

What to say first. Receive.

> *"I've been thinking about everything you do that nobody sees. [Name it specifically: the remembering of birthdays, the calls to Mum, the paperwork every April.] I don't think I've ever said that I notice it. I do."*

Santa Anna's *Spiritual Abundance* series describes the recognition that one-way giving produces in the giver: "When you notice yourself consistently offering while rarely receiving, your natural recalibration isn't selfishness—it's recognition that one-directional flow creates imbalance." Opening with receiving is how a family member who has been on the other side of that imbalance learns that it has been seen.

What to say second. Separate what is owed from what is given.

> *"There are a few things I think we've mixed up. [The money from Gran's house, which was meant to be shared.] That isn't a gift; it's something you're owed, and I'd like to sort it out plainly. The help I've been giving with the deposit is a gift, and I want it to be one, which means it shouldn't come with my opinions about where you live."*

What to say third. Ask.

> *"Is there something that would actually help more than what I've been doing? It doesn't have to be money."*

That is the question Maren asked her kitchen, the question Chapter 8's listeners ask, and the question the retraining family in Chapter 11 asks its daughter. In each place it does the same work. It turns a gift designed by the giver into a gift designed for the receiver, and it makes the whole exchange refusable.

When the conversation fails

Some of these conversations will fail. The board will decline. The union will say no. The partner will treat the gift as a concession. The family member will hear an accusation however carefully the words are chosen.

A failed conversation is not the end of the gift economy. It is information about where the line is closed, and from which side. *Ecstatic Economics* says of its own practices that "these practices are not magic", and

the same is true here. What can be done after a failed conversation is what the scripts have tried to do throughout: say what is true, close any gap in what is owed regardless, leave the offer standing without pressing it, and receive whatever is given in the meantime. Lines reopen, often from the other side, when the person who refused finds that nothing was withdrawn as a result.

The Tool: The Conversation Plan

A one-page plan to complete before any of the conversations above. It takes twenty minutes.

1. Who, and what are they right to worry about? Write it as they would say it, not as you would.
2. What will I receive first? One specific thing this person or group has given, named exactly.
3. What is owed, and is it being paid? If not, what will I say about closing the gap?
4. What am I offering beyond what is owed? Can it be declined without cost? Does it carry any condition?
5. What will I not claim? List the claims the evidence does not support that I might be tempted to make.
6. What is their way out? Write the sentence that tells them they can say no, and what will happen if they do.
7. What will I do if they say no? Write it now, so that the answer to a refusal is not improvised.

After the conversation, add one line: what did I learn about where the line is closed?

CHAPTER ELEVEN

The Household Is the Oldest Firm

A Sunday, after lunch

A Sunday, after lunch. The plates are in the sink and nobody has moved toward them. One person at the table, everyone knows who, will get up in a minute and start washing. Someone else will dry, eventually, after being asked. A teenager will disappear. A grandparent will say she will do it next time, as she said last time. Nobody will mention any of this, and if anybody did, the afternoon would change.

The household is the oldest economy there is, and almost nobody in one would call it that. *Ecstatic Economics* does not need to. Santa Anna's *Spiritual Abundance* series says it in five words: "Most families operate as gift economies." Parents give to children without an invoice. Partners carry each other through different seasons. Nobody reconciles the account at the end of the month, and a family that started to would be in trouble.

Everything in the earlier chapters applies here, often more sharply. The household has its own crowding out, its own coercive gift, its own free riders and saplings, its own pooling points. It has one advantage over a firm, which is that its relationships are long, often lifelong, and Chapter 3 showed that long relationships are where reciprocity is strongest. It has one disadvantage, which is that there is no human resources department, no union and no board, and when the gift economy breaks down, there is nobody whose job it is to notice.

This chapter takes the book's tools to the kitchen table.

The three obligations at home

Mauss's three obligations are easier to see at home than at work, because the gifts are more personal and the returns more delayed.

To give. Most households have no trouble with the first obligation in principle. In practice, giving is unevenly spread, and the unevenness is rarely chosen. One person does the remembering: the birthdays, the appointments, the forms, the presents for other people's children. One person does the care: the elderly parent, the child who is struggling, the friend in crisis. This work is a gift. It is not in any contract, it is not paid, and it is very often invisible precisely because it is constant.

To receive. This is the obligation households most often fail, and they fail it in two directions. Some people find it hard to receive: they will give endlessly and refuse help, which closes the line from the other side, as Mauss saw. Santa Anna's book offers a practice aimed at exactly this, a breath in which one silently says, on the inhale, *"I receive."*, and on the exhale, *"I give."* And some people receive without noticing, which leaves the giver's gift sitting, unacknowledged, in the *Give* column for years.

To return. Returns at home are slow, which is their nature. The teenager who takes and does not yet give may, at twenty-five, give more than anyone. The parent who gave for decades may, in old age, need to receive for decades. A household read round by round looks unbalanced everywhere. Read over a life, it may balance perfectly. Chapter 4's distinction between a stock and a flow is nowhere more important than here, and the sentence on gift circles in Santa Anna's *Spiritual Abundance* series is the right one to hold: "The system balances across time and throughout the entire community rather than in each isolated transaction."

Crowding out at the kitchen table

The Haifa day-care fine has a domestic version that most parents have tried.

A child helps with the washing-up, sometimes, unasked, because she likes being near the adults or because it is what the family does. A parent, wanting more help, introduces a chore chart with payments: a set sum for each task, paid at the end of the week. For a while the help increases. Then something changes. The child begins to ask what a task is worth before doing it. Tasks not on the chart are no longer done. And in a month when she has enough money, she declines the chores altogether, which, under the new terms, she is perfectly entitled to do.

The chart has turned a gift into a job, and a job is something a person can turn down. This is not an argument against ever paying children for anything. It is Chapter 3's rule four applied at home: money and meaning travel on separate lines. A family that wants to teach a child about earning can create real paid work, clearly separate from what the family does for each other. What it should not do is put a price on the help that was already being given as a member of the household, because, as the Haifa parents showed, the price can outlast the chart.

The same logic applies between adults. A couple who begin to divide domestic work by strict accounting, so many hours each, may achieve fairness and lose something else. Fairness matters, and Chapter 5's first rule, close the gap in what is owed, applies at home as firmly as at work. But a household run entirely as a contract has given up the gift line altogether, and with it the help offered beyond the minimum, which is most of what makes a household more than an arrangement.

The gift that controls

Chapter 3's gift that dominates is at its most painful in families, because the obligations are real and the exits are few.

Santa Anna's *Spiritual Abundance* series describes the pattern from the receiving end, writing of "families where money flowed abundantly yet came with complexity—used as control, attached to conditions, or creating its own forms of concern and complication." Most people have seen a version. The parent whose help with rent arrives with opinions about how the child lives. The help with a house deposit that comes with a view on where the house should be. The inheritance that is spoken of for years and used, without anyone saying so, to keep the heirs close.

In each case, the gift is real and the obligation it creates is real, and the obligation is being used to close a line rather than open one. Henry Ford's investigators, who visited workers' homes to decide whether they had earned the full five dollars, are the industrial version. The domestic version needs no investigator. A question at Sunday lunch about what the money was spent on will do.

The test from Chapter 3 is the test here: can the gift be refused without cost? If declining the help would bring disapproval, withdrawal or a change in how one is treated, the help is not a gift. It is a demand with a generous face. The remedy is the same as in Maren's kitchen. Separate what is owed from what is given. Pay what is owed plainly. Make what is given refusable. And ask nothing about it afterwards.

A family, worked through

What follows is a composite, built for teaching. It is not a real family, and its details were set by the writer.

A couple in their sixties decide to help their daughter, who is retraining in her late thirties after a decade in a job that has disappeared. Their first plan is to give her a fixed sum each month for a year.

First, they separate what is owed from what is given. Years ago, when a grandparent's house was sold, the couple promised that a share would be kept for each of their children. The daughter's share was never paid; it was simply understood. That is not a gift. It is owed, and they decide to pay it plainly, as a separate transfer, with no conversation about how it is used. The monthly help is a different thing, and they keep it separate.

Second, they ask before giving. Before deciding the amount, they ask her what would help most. She tells them that two afternoons a week of childcare for six months would do more for her course than the cash would, because the course has practical sessions she cannot attend with a toddler. They had not thought of it. It costs them less money and more time, and it is what she needs.

Third, they make it refusable and uninspected. They tell her that if the arrangement stops working for her, she should say so and nothing will change between them. They agree, between themselves, to ask no questions about the course's progress unless she raises it, and to make no visits that are really audits.

Fourth, they receive. The daughter, it turns out, has been giving all along: she is the one who manages her father's medication schedule, who rings her aunt every week, who sorted out the paperwork when the boiler failed. Nobody had said so. Her mother does, specifically, naming what she does and what it makes possible. It is the cheapest act in the composite and, by the daughter's account, the one she remembers.

Because this is a composite, it proves nothing. It shows the shape of the reasoning, which is the same as Maren's: correct, ask, give refusably, receive.

Pooling points at home

Chapter 4's Circulation Map works at a kitchen table, and it is often more revealing there than in an office.

Draw it for a household and include everyone who regularly gives or receives: the grandparent across town, the neighbour who takes in parcels, the adult child who lives away. Draw an arrow for every regular gift. Then look for the pools: the people with many arrows leaving and few returning.

In most households there is one, and everyone knows who it is before the map is drawn. Often it is the person who does the remembering and the care. Santa Anna's *Spiritual Abundance* series names what happens to such a person over time: "When you notice yourself consistently offering while rarely receiving, your natural recalibration isn't selfishness—it's recognition that one-directional flow creates imbalance." In a household, recalibration can look like resentment, exhaustion, or a sudden withdrawal that the rest of the family experiences as coming from nowhere. It did not come from nowhere. It came from the map.

The return a household can make to its pooling point is rarely money. It is usually one of three things: a task taken away, permanently and without being asked to take it back; a decision handed over, so that the person who has been doing the work also gets to say how it is done; or receiving, specifically and by name, what they have been giving. The last costs nothing, and it is the one most families skip.

Giving beyond the household

A household's gift economy does not stop at its door. It extends to neighbours, friends, a religious community, a school, a local charity. The evidence on this outer ring is modest, and should be stated modestly. Chapter 4 cited the 2008 study by Elizabeth Dunn, Lara Aknin and Michael Norton, which found that people who spent more of their income on others reported greater happiness, including in an experiment where people were randomly assigned to spend a small sum on someone else.[34] It is one paper, with small samples, and the size of the effect has been debated since. It suggests, and does no more than suggest, that the giving end of the loop is not only a cost.

The Developmental Canon makes the larger claim in its own register, of the practice of giving a regular share of one's income to a scholarship, a peer or a stranger: "Do this not as charity but as ecology." The distinction matters for a household deciding how to give. Charity, in the sense the Canon rejects, is a one-way transfer that leaves the giver above the receiver. Ecology is participation in a circulation one is also part of. A household that gives to its own street, its own school, the people it will meet again, is giving into a system that will, in some form and in its own time, give back. That is not a reason to give. It is a description of what giving is, when it is a gift.

Ecstatic Economics offers a four-week practice that can be run as a household, and it is a good way to begin. In week one, give something of real value to someone in your existing network, "without expectation of return." In week two, "Actively create an opportunity to receive" by asking for help. In week three, take part in some structure organised around circulation rather than accumulation, a local market, a time bank, a shared project. In the fourth, review the three and choose "one ongoing practice" to keep for at least three months. A household that does this together, and talks about it at Sunday lunch, has begun to see its own economy.

Money, specifically

None of this means a household should be careless about money. The gift economy runs alongside the contract economy at home as at work, and the contract economy has to be sound.

Pay what is owed plainly: shared bills divided as agreed, promises about inheritance kept or explicitly changed, debts between family members written down if they are debts, so that they are not mistaken for gifts or resented as unpaid. Keep the gift line separate. When money is given as a gift, give it with no condition and ask no questions. When help with money comes with a condition, call it a loan or an agreement, and make its terms explicit, so that nobody has to guess what is owed.

And nothing in this chapter is financial advice. A household making significant decisions about money, property or inheritance should take advice from a qualified professional who knows its circumstances. The book's concern is not what to do with the money. It is how to keep the money from closing the lines the family depends on.

Back at the sink

Go back to the Sunday kitchen. The person who always washes up has started. Everyone else is still at the table.

The gift economy of this household is visible in that moment to anyone who looks. One person gives. Several receive without noticing. The return, if it comes, will come later and in some other form, or it will not. The book's whole argument is that this person's giving is not trivial, not decoration on the family's real life,

but a structure the family depends on, and that it can be kept moving or worn down by choices that seem small.

The smallest choice available is the one Chapter 12 calls the cheapest act in the book. Somebody at the table can get up, pick up a tea towel, and say, specifically, what they have noticed.

The Tool: The Kitchen-Table Map

A household version of the Circulation Map and the Three Obligations Audit, combined. It takes an hour and is best done by two adults together, with older children invited for the second half.

Part 1 · Draw the household (20 minutes).Place everyone who regularly gives or receives in a circle on a large sheet, including people outside the house who are part of its daily life. Draw an arrow for every regular gift: *school runs*, *Mum's medication*, *birthday cards*, *fixes the car*, *listens*. Solid for weekly or more, dashed for monthly.

Part 2 · Find the pool (5 minutes).Shade the person with the most arrows leaving and the fewest returning. Do not discuss it yet.

Part 3 · Separate owed from given (10 minutes).List anything in the household that is owed rather than given: shared bills, promises about money, agreed divisions of work. For each, write whether it is being paid as agreed. Close any gap plainly, before Part 4.

Part 4 · Find the gifts that have become prices, or demands (10 minutes).Mark any help that is paid by the task, and any gift that comes with a condition or a question afterwards. For each, decide: separate it into paid work and a gift; remove the condition; or call it an agreement and write its terms.

Part 5 · Receive (10 minutes, then this week).Each person writes one specific sentence to the person in the shaded circle, naming something they give and what it makes possible. Say them this week, not all at once, and not as a ceremony.

Part 6 · One return (5 minutes).Choose one way the household can give back to the shaded person that they would choose: a task taken away for good, a decision handed over, a time that is theirs. Ask them first. Record the date.

In three months, draw it again. The aim is not equal arrows. It is a household where the person who gives most can see some of it returning.

CHAPTER TWELVE

A Current, Not a Store

Water in a channel

Go back to the plain of Valencia, but not to the cathedral door. Go out to the fields, on a weekday morning, to a stone channel running along the edge of a market garden. Water enters at the top of the slope and passes each field in turn. A farmer opens her gate for her hours, closes it, and the water moves on to the next field down. Nobody owns the water. Everybody depends on it moving. A farmer who held her gate open past her turn would flood her own field and parch her neighbour's, and in every system of this kind that has lasted, the community has a way of noticing and a way of answering.

Elinor Ostrom spent her career studying channels like these. In a 2000 review in the *Journal of Economic Perspectives*, she drew the link this book has been building toward: that the norms of reciprocity found in the laboratory are the same norms that let real communities govern what they share.[35] Her conditional cooperators are Fehr's conditional cooperators, standing in a field.

This last chapter reads the whole book as a living system, sets the gift beside the rest of the house's economics, says what to do with it on Monday, and ends where it should, with the water.

Its claim is the one the channel makes: the gift is not a sector of the economy, beside the market and the state. It is the current that runs underneath both, and every arrangement that lasts, from a commons to a firm to a family, is a way of keeping it moving.

The book, read as one organism

Each chapter of this book has described one organ of a single body.

Chapter 2 described its anatomy: three obligations, to give, to receive and to return, and the delay between them that keeps a relationship open. Chapter 3 described its pathologies: the price that replaces the gift, the gift without a relationship that fades, the incentive that conveys distrust, the gift that dominates. Chapter 4 described its physiology: a root system of trust, an immune system of healthy conflict, a circulation that balances over seasons and not rounds. Chapters 5 to 7 were case histories: a gift wage with conditions that turned it into control, a wage held as a reference point for decades, a community whose immune system has sat in public for centuries, and a care system that tried to substitute a record for a relationship.

Chapters 8 to 11 were practice: how to see the organism without injuring it, how to listen to it, how to feed it, how to measure its health, how to speak about it to people who doubt it is there, and how to tend it at home.

Ecstatic Economics states the common thread across the traditions it surveys in one long sentence, and it serves here as the whole book in brief:

> *An economy that serves life must be grounded in the qualities of life itself — in flow rather than accumulation, in relationship rather than isolation, in sufficiency rather than craving, in reciprocity rather than extraction, and in the understanding that genuine wealth is inseparable from the vitality of human experience and the health of the living systems that sustain it.*

The channel is that sentence in stone. Flow rather than accumulation is the water moving on. Reciprocity rather than extraction is the gate closed when the hours are up.

Beneath the commons

Ostrom's design principles for long-enduring commons, the subject of the sibling volume on governing the commons (*The Pasture Was Never Empty*), read differently after this book. Clear boundaries tell members whose gifts they are in a line with. Rules that fit local conditions let the obligations be the right size. Collective choice lets the people who give shape what is asked. Monitoring by members makes the circulation visible. Graduated sanctions are Chapter 4's immune system, set at the lowest dose that works. Cheap, local conflict resolution keeps a refused gift from becoming a feud, which is what the Water Tribunal does on Thursdays.

Read that way, the principles are not an alternative to the gift. They are its engineering. The communities Ostrom studied did not choose between generosity and rules. They built rules that let generosity persist among people who could not all trust each other at once.

Beneath the market

Karl Polanyi's *The Great Transformation* (1944), the subject of the sibling volume on embedded markets (*The Embedded Market*), argued that before the nineteenth century, economies were organised by three principles in different mixtures: reciprocity, redistribution and exchange. The market, in his account, was always present and always embedded in social relationship, until industrial Britain tried to make land, labour and money into commodities like any other. The attempt, he argued, produced a society that defended itself against the market as fiercely as the market spread.

This book supplies some of the microscopic evidence for Polanyi's macroscopic claim. The day-care fine, the crowding out of blood donors, the money that bought less reciprocity than a gift chosen with care, the

care tickets that had to compete with a priced service: each is a small instance of what happens when a relationship governed by reciprocity is reorganised as exchange. The relationship does not simply carry on with a price attached. It changes, and some of what it produced stops.

Santa Anna's unpublished *Spiritual Abundance* series is careful to say what the gift principle does not ask: "This isn't an invitation to abandon money, reject markets, or return to pre-industrial arrangements." Polanyi would have agreed. His argument was never that markets should be abolished. It was that they work inside a society, and that the reciprocity underneath them is a resource they consume and do not replenish on their own. Every new price, metric or incentive is an intervention in a gift economy a leader may not have mapped.

Beneath the shared gain

Two more sibling volumes carry the gift into ownership and pay. The evidence on employee ownership and profit sharing (*Owning the Work*), and the history of gainsharing from Joseph Scanlon's plans of the 1930s onward (*The Gain Was Always Shared*), are in one sense experiments in turning Akerlof's gift wage into something more structural. The worker's extra effort is no longer answered only by a wage above the market, given at the employer's discretion. It is answered by a share in what the effort produced.

The lessons of this book apply to those arrangements with full force. A share in the gain is received as a gift only if people can see how it was produced and have some say in the work that produced it. Delivered without that, it reads as a bonus scheme, and Chapter 3 showed how bonus schemes can crowd out what they meant to reward. Chapter 4 found that conditional cooperators need to see what others contribute; a shared gain that nobody can trace is, to a conditional cooperator, a coffee jar with an opaque lid. The book's warning about measurement is the right one to carry: "If a cooperative measures its success only in financial terms, it will gradually drift toward extractive behavior." A shared gain needs a measure of the gain and, as Chapter 9 set out, a careful reading of the giving.

Beneath the idea of scarcity

One more volume meets this one at its root. Scarcity as a design choice (*Enough by Design*) begins with John Maynard Keynes's 1930 essay *Economic Possibilities for our Grandchildren*, which looked ahead a century to a time when the struggle for subsistence might be solved for the rich countries, and the harder problem would be how to live well with enough.

The gift has a particular relationship to that question. A market allocates what is scarce, and it is very good at it. A gift circulates what is abundant, or what becomes abundant by being shared: knowledge that is not used up by being taught, attention that grows by being given, a skill that improves with each use. Santa Anna's *Spiritual Abundance* series makes the contrast directly, of creative capacity: "Unlike money, which circulates but doesn't increase through the act of giving (when you give someone $20, you have $20 less),

creativity actually expands through use." Much of the value inside a modern firm is of this second kind. The ideas offered in a meeting, the judgement passed from a senior cook to a junior one, the trust that lets a team move quickly: none of these is depleted by being given away, and most are increased.

An organisation that runs everything through prices treats these as scarce, because prices are the instrument it has. *Ecstatic Economics* makes the claim in its own register: "*wealth that does not circulate is not wealth.*" Read beside Keynes, the sentence is less mystical than it sounds. It says that the forms of wealth that matter most once subsistence is solved are the ones that exist only in motion. They cannot be stored. They can only be kept moving, and the gift is how people have always kept them moving.

This does not make the market unnecessary or the price wrong. It marks a boundary. On one side are the goods that are used up, which prices allocate well. On the other are the goods that grow by circulation, which a price can stop. The leader's task, and the household's, is to know which side of the line a thing is on before deciding how to handle it.

What to do on Monday

The book has made a case. It is worth turning it, one last time, into four commitments that a leader or a household could make this week.

Map before you price. Before introducing any incentive, fine, tracking system or bonus, draw the Circulation Map for the people it will touch. Find the gifts already moving. The incentive will land on them.

Correct before you give. Close every gap between what people are owed and what they are paid, plainly, through the contract, before offering anything as a gift. A gift laid over an unfairness is received as part of the unfairness.

Give with attention, and let it be refused. A gift chosen for the person, given by someone who knows what they did, with no condition and no inspection, is the version the evidence supports. A gift that cannot be declined is a demand, and the potlatch, as Santa Anna's book says, "could be coercive."

Receive. Mauss's second obligation is the one leaders and families neglect most. People are giving to every organisation and every household all the time, in effort and ideas and care. The audit in Chapter 2 found most of it sitting in the *Give* column, unacknowledged. Receiving it, specifically and by name, is the cheapest act in this book and the one most likely to keep the current moving.

Santa Anna's book offers a phrase for the temperament all four require. The enterprises that last, it says, are "pragmatically idealistic — clear about their values and flexible about their strategies." The gift asks for exactly that: a clear value about relationship, and no attachment to any particular form the return must take.

What the book cannot promise

The evidence in this book is uneven, and the book has tried to say so where it applies. The laboratory findings on reciprocity are among the most replicated in behavioural economics. The field findings on gift wages are mixed, with strong first effects that often fade. The historical and comparative cases cannot separate one cause from another. The composites prove nothing; they show the reasoning. And the house's own book, as Chapter 3 noted, leaned on a neurochemistry of trust that has not held up.

None of this weakens the central claim, which is structural rather than statistical. Reciprocity is present in every group studied. It is sensitive to how it is treated. It can be grown or worn down by design. What no one can promise is that a particular gift, in a particular firm or family, will be returned in a particular way. That is not a gap in the evidence. It is the nature of a gift.

For leaders who want to work this through inside their own organisation, including where the gain a gift economy helps produce might be shared, Ammanuel Santa Anna works with a small number of them one to one, at hautelumiere.life. The rest of the house's economics, and the books named in these pages, are at hautelumiere.life.

Back at the channel

Santa Anna's book describes the moral economy of the potlatch with a sentence that also describes the farmer at her gate: "To hoard was not shrewd. It was shameful. It signaled that the flow of life had become stuck in you — that you had become a blockage in the circulatory system of communal wealth." In *Consciousness Is the New Oil* he puts the turn more simply:

> *The gift economy flips the idea of "What's in it for me?" on its head, replacing it with "How can I contribute?"*

The farmer on the terrace does not experience her closed gate as generosity. She experiences it as the way the water works. Her field was watered because someone upstream closed theirs, and the field below her will be watered because she closes hers. Nobody keeps a ledger of who owes whom a morning's water. The channel keeps it.

The water arrives, does its work, and moves on down the hill.

The Tool: The Weekly Reciprocity Ledger

A fifteen-minute practice for a Monday morning, kept in a notebook. It is the four commitments made into a habit. It is written for a leader; for a household, read *team* as *family*.

1 · Received last week (5 minutes).List three gifts you received last week that were not owed to you: effort beyond a role, an idea offered, a kindness, a correction given carefully. For each, write who gave it and whether you have acknowledged it specifically. If not, write the one sentence you will say to them today, naming exactly what they did and what it made possible.

2 · Given last week (3 minutes).List what you gave that was not owed. For each, ask: could it have been declined without cost? Did it come with any condition, spoken or not? If a gift came with a condition, decide whether to remove the condition or to move the thing into the contract and stop calling it a gift.

3 · Owed this week (3 minutes).Write down anything that someone is owed by you, by contract, promise or fairness, that has not yet been paid: a review that is late, a raise that was promised, a decision someone is waiting on. These come before any gift. Schedule each one.

4 · Pools (2 minutes).From your last Circulation Map, name one person whose giving is pooling: much leaving them, little returning. Write one way the team can give back to them this week that they would choose, not that you would.

5 · Prices (2 minutes).Note any incentive, metric, fine or bonus you are considering. If there is one, mark it for the Crowding-Out Check before it goes further.

Once a quarter, read back through the ledger. Count how many acknowledgements you gave and how many owed items were paid on time. Those two numbers, over a year, are a fair measure of whether the current is moving.

THE WORKBOOK

The Workbook

How to use this workbook

Every chapter from 2 to 12 ends with a tool. This appendix gathers all eleven in one place, as Chapter 1 promised, and sets them against two plans for a single quarter: one for a leader, built on the thirteen weeks of Chapter 8, and one for a household, built on Chapter 11. The tools are reproduced as they appear in their chapters, so that these pages can be printed and worked from without turning back. Where a tool names a chapter, the chapter holds the reasoning and the evidence. The page here holds the practice.

Four rules from the book govern every page that follows, and they are the four commitments of Chapter 12. Map before you price. Correct before you give. Give with attention, and let it be refused. Receive. One more, from Chapter 9's rules for measuring a gift economy, governs every number the tools produce: count the group, never the person, and let no figure from these pages feed a bonus, a rating or a pay decision for anyone. A tool used against any of these rules is being misused, however carefully the page is filled in.

Ecstatic Economics closes its own first exercise in the gift by saying what such an exercise is for. It is not, the book says, a way of restructuring anything in a week. "It is about developing the perceptual capacity to see the gift dimension of economic life — the dimension that extractive economics renders invisible." Most of the tools below are instruments for seeing. Only a few change anything, and those come after the seeing, which is the order Chapter 8 builds from the evidence of Chapter 3.

Nothing in this workbook is investment, financial, legal or tax advice, and nothing in it promises an outcome. A household making significant decisions about money, property or inheritance should take advice from a qualified professional who knows its circumstances.

The order of the tools

The table gives the order in which the tools are first used when a leader runs the thirteen weeks of Chapter 8, with the household's own map at the end. Where a board's consent is needed, the True Cost of a Wage is run earlier, before day 1, to carry the first part of that conversation. After the two plans, the tools follow in chapter order, each numbered by its chapter. The times are the chapters' own. Where a chapter gives no time, the table says what the chapter does say.

ORDER	TOOL	CHAPTER	WHO	TIME
1	The Conversation Plan	10	anyone, before a hard conversation	20 minutes
2	The Sponsor's Commitments	8	the sponsor signs; the stewards keep it; the sceptic countersigns	no time given; signed in week one
3	The Three Obligations Audit	2	a leader with a team, or a household with its members	one hour; repeated in a quarter
4	The Circulation Map	4	two people together, one of whom gives a great deal	45 minutes, once a quarter
5	The Crowding-Out Check	3	anyone introducing an incentive, with one honest colleague	20 minutes
6	The True Cost of a Wage	6	a leader or a finance team	two hours with the payroll and the HR records
7	The Gift Design Sheet	5	a leader or a household planning a discretionary gift	an hour to complete, a quarter to read
8	The Community Immune-System Check	7	a team, a department or a household; three or four people	45 minutes; reviewed in a quarter
9	The Weekly Reciprocity Ledger	12	a leader; for a household, *team* reads as *family*	15 minutes, on a Monday
10	The Season Report	9	the stewards and the sceptic, for the sponsor and the team	no time given; two pages at the end of each quarter
11	The Kitchen-Table Map	11	two adults, with older children for the second half	one hour; drawn again in three months

The ninety days, for a leader

This plan is Chapter 8's sequence laid against the calendar. Thirteen weeks is ninety-one days, so the last day is the day of the reading. It is written for a team or department of between eight and about eighty people, led by one person with authority over its budget and its rules; a larger organisation runs it unit by unit.[36] The roles are Chapter 8's: a sponsor, who decides; two stewards, one a natural organiser and one, by the team's own reputation, among its most generous givers; a sceptic, named openly; and two or three listeners outside the management line. The sponsor never holds the steward's role.

Before day 1 · The room and the roles. If the work needs a board's consent, fill a Conversation Plan and hold the conversation in Chapter 10's order: the cost the board is not seeing, what the evidence supports and what it does not, then what is proposed, what it costs and how it can be stopped. The True Cost of a Wage, run now on the board's own figures, carries the first part. If there is a union or staff representative,

fill a second plan and offer the sceptic's role to someone they nominate. The sceptic reads Chapter 3. *Decision:* whether to begin, and who holds each role.

Days 1 to 14 · See. On day 1 the sponsor signs the Sponsor's Commitments. In week one the sponsor and the stewards each complete the Three Obligations Audit separately, for the team and its management and for the team and one neighbouring team, and compare only at the end of the week; the difference between the sponsor's list and the generous steward's is the first measure of the giving its leader cannot see. In week two the stewards draw the Circulation Map together and run the Crowding-Out Check in reverse, on every incentive, metric, fine, bonus and tracking system the team already lives under. The sceptic strikes any label on the map that judges a person rather than describing a flow. *Decision at day 14:* none. Nothing is announced.

Days 15 to 28 · Listen. The listeners hold a private conversation of about thirty minutes with every person shaded as a pool and with a further sample of at least a third of the unit, including new and long-serving members and anyone the sceptic suggests. They ask Chapter 8's three questions, in order, and write the answers in the person's own words:

1. "Where does what you give here, beyond your job, feel returned, and where does it not?"
2. "Is there anything the team or its management does, or measures, or rewards, that makes it harder to give?"
3. "If there were a sum of money or time available to make your work better, what would you want it spent on? It does not need to be for you."

In week four the answers are grouped without names into three lists: where giving is not returned, named as places; what makes giving harder; and what people would spend a budget on, with a count. *Decision at day 28:* whether to share the findings with the unit in week six. The book recommends yes, in summary, without names.

Days 29 to 42 · Correct. In week five the stewards and the sponsor, with whoever holds the payroll, complete Part A of the Gift Design Sheet for every role, against the local market (a named and dated source), against the commitments the organisation has made, and between people doing comparable work. If the True Cost of a Wage was not run before day 1, it is run now, so that the cost of any correction can be set against the cost of the turnover it may reduce. *Decision at day 35:* the corrections, each closed or scheduled through the contract on a stated date, with the order recorded if the budget will not cover them all. In week six they are made and announced, as corrections and not as gifts, with a summary of what people said and the next step. *The test at day 42:* if the gaps cannot be closed, the sequence pauses here, and the sponsor says so.

Days 43 to 56 · Design the gifts. The stewards complete Parts B and C of the Gift Design Sheet, with the listening findings as Part B, looking for gifts of time, of choice and of removal. Any gift that cannot be de-

clined, or carries a condition, is rewritten or moved to the contract line, and the sceptic reads every line aloud. *Decision at day 56:* which gifts. Do not replace what people asked for with what you would prefer to give, and add no last-minute condition, such as a report afterwards. A request that cannot be met is declined to the person who made it, with the reason.

Days 57 to 70 · Remove the prices, build the immune system. Every incentive people named as making giving harder, and which fails Bowles's four questions on two or more counts, is removed, redesigned so that it can be redirected or measures the group, or kept with a written reason the team can read.[37] The stewards run the Community Immune-System Check with three or four members of the team and choose one repair; its five features are the Valencian tribunal's, and Elinor Ostrom's work on the commons (*The Pasture Was Never Empty*) is the longer account of why they hold. *Decision at day 70:* which incentives go and which stay. Expect a slow recovery where something was removed, as the Haifa centres showed, and do not bring an incentive back because the recovery is slow.[38]

Days 71 to 84 · Receive. The sponsor, the stewards and the other managers begin the Weekly Reciprocity Ledger. The gifts chosen at day 56 are made, each with one sentence naming what was noticed, and are not mentioned again. In week twelve the stewards ask the people at the pooling points: "Since we last spoke, has anything changed in whether what you give here feels returned?" *Decision:* none. These weeks are practice.

Days 85 to 91 · Read the season. The stewards and the sceptic prepare the Season Report, redraw the Circulation Map beside the first, and repeat the Three Obligations Audit for the same relationships, counting the items in *Return*. They report the figures first and the words of the people at the pooling points beside them, as Chapter 9 asks. *Decision at day 91:* what to keep, what to stop, and whether to run the sequence again, with the same team or a neighbouring one. The team hears the result in summary, and the sponsor keeps the Monday ledger for at least a further quarter.

The ninety days, for a household

Chapter 8 points a household to a shorter version of its sequence. This is that version, built from Chapter 11 and the order its composite family followed: correct, ask, give refusably, receive. Its first conversation opens, as Chapter 10 advises for a family, by receiving. The adults decide together, and every decision can be declined by the person it touches.

Days 1 to 7 · See, and say nothing yet. Two adults draw Parts 1 and 2 of the Kitchen-Table Map and shade the pool; as the tool says, do not discuss it yet. Each adult completes the Three Obligations Audit for one relationship, two partners or a parent and a grown child, and the two compare at the end of the week. *Decision:* none.

Days 8 to 14 · Open by receiving. Fill a Conversation Plan, then hold the family conversation in Chapter 10's order: receive, naming something the other person does that nobody sees; separate what is owed from what is given; ask. Do not begin with a ledger or a grievance. Then complete Part 3 of the map: list what is owed rather than given, and mark whether each is being paid as agreed. *Decision by day 14:* the list, agreed by the adults.

Days 15 to 28 · Correct what is owed. The map asks for every gap to be closed plainly before Part 4. For each item, complete Part A of the Gift Design Sheet and pay it: bills divided as agreed, promises about inheritance kept or explicitly changed, debts between family members written down as debts. *Decision by day 28:* every gap closed or dated. Anything significant about money, property or inheritance goes to a qualified professional first.

Days 29 to 42 · Take the price off the help. Complete Part 4 of the map, with older children invited from here, since the tool asks them to the second half. Run the Crowding-Out Check on any chore chart, payment by the task or reward under consideration. Chapter 11 does not forbid paying children; it asks that paid work be kept separate from what the family does for each other. *Decision by day 42:* for each item in Part 4, separate it, remove the condition, or call it an agreement and write its terms.

Days 43 to 56 · Receive, ask, then give. Complete Parts 5 and 6 of the map; the sentences from Part 5 are said during the week, not all at once and not as a ceremony. For help planned for a grown child, an ageing parent or a partner, complete Parts B to D of the Gift Design Sheet, asking the question Chapter 10 gives a family: "Is there something that would actually help more than what I've been doing? It doesn't have to be money." *Decision by day 56:* the one return to the person in the shaded circle, chosen with them and dated, and which gifts to give, none with a condition. Give each with one sentence naming what was noticed, and ask nothing about it afterwards.

Days 57 to 84 · Four weeks of practice. Run the four-week practice from *Ecstatic Economics* that Chapter 11 describes: give something of real value to someone in the household's circle, without expecting a return; actively make an opportunity to receive, by asking for help; take part in something organised around circulation, such as a local market, a time bank or a shared project; then review and choose one practice to keep for at least three months. From the first Monday, each adult keeps the Weekly Reciprocity Ledger, reading *team* as *family*. If a broken obligation keeps returning, run the Community Immune-System Check and choose one repair. *Decision by day 84:* the one ongoing practice.

Days 85 to 91 · Draw it again. Redraw the Kitchen-Table Map beside the first, repeat the Three Obligations Audit, and complete Part F of the Gift Design Sheet. *Decision by day 91:* what to keep, what to stop, what to try next. The measure is the map's. It is not equal arrows. It is whether the person who gives most can see some of it returning.

2 · The Three Obligations Audit (chapter 2)

A one-hour exercise for a leader with a team, or a household with its members. It names where the gift economy already runs, and where one of Mauss's three obligations has stopped.

Before you begin. Take a sheet of paper and draw three columns: *Give*, *Receive*, *Return*. Choose one relationship to audit: a team and its manager, two departments, a firm and its suppliers, two partners in a household, a parent and a grown child.

1 · List the gifts (15 minutes).Write down everything that passes between the two parties that is not required by contract, job description or explicit agreement. Be concrete: "she stays to finish the close on month-end without being asked"; "they send us the draft forecast before it is final"; "he cooks on Sundays". Aim for at least eight items in each direction.

2 · Mark the obligation each one is in (10 minutes).For every item, ask which of the three columns it currently sits in.- *Give*: offered, with no sign yet of whether it is received.- *Receive*: accepted and acknowledged, in words or in practice.- *Return*: has been answered, later and in some form, by the other party.Most items will sit in *Give*. That is the first finding.

3 · Find the stopped loops (10 minutes).Circle any item that has sat in *Give* for more than three months without being received or returned. These are the places where one party is still giving and the other has not noticed. Mauss would call this a relationship drifting toward insult. Write one line for each: what would receiving it look like?

4 · Find the refused gifts (10 minutes).List anything that was offered and declined, explicitly or by being ignored: an idea not taken up, help turned down, an invitation not answered. For each, write who refused and whether the refusal was ever explained. Unexplained refusals close lines.

5 · Find the return that has become a price (10 minutes).Mark any item where a gift was once answered by a gift but is now answered by a payment, a bonus, a rule or a tracking system. Note the date the change happened. The next chapter explains why this column matters most.

6 · Choose one loop to close (5 minutes).Pick one stopped loop from step 3. Decide one act of receiving: a specific acknowledgement, to a named person, this week, that names the gift exactly. Not a thank-you for "all your hard work", but "the forecast you sent on Tuesday let us move the order before the price changed".

Keep the sheet. Repeat the audit in a quarter. The number of items in *Return* is the measure.

3 · The Crowding-Out Check (chapter 3)

A check to run before introducing any incentive, fine, bonus, tracking system or payment into work that people already do partly out of goodwill. It takes twenty minutes and one honest colleague.

1 · Name the behaviour.Write in one sentence what you want more of, or less of: "on-time handovers between shifts"; "suggestions from the floor"; "volunteers for the weekend rota".

2 · Name what currently motivates it.List every reason people do it now, before any incentive. Include the ones nobody says: pride, not wanting to let a colleague down, liking the manager, habit. Mark each as *money*, *relationship*, *identity* or *rule*.

3 · Read the incentive as a message.For the proposed incentive, write the sentence it says without saying it. A fine for late handovers says: *we expect you to be late, and this is the price*. A bonus per suggestion says: *suggestions are piecework*. A tracking dashboard says: *we will check*. Read the sentence aloud. If the people currently doing the behaviour out of goodwill would be insulted by it, stop and redesign.

4 · Run Bowles's four questions.Answer yes or no.- Does it signal that self-interest is the expected response?- Will it teach people, over months, to do this only when paid?- Does it take away a choice people currently make freely?- Does it convey distrust of the people already doing it?Two or more yeses: the incentive is likely to crowd out at least some of what it rewards.

5 · Apply the redirect test.Ask whether the reward could be given in a form the person directs: to a cause, to the team, to a colleague who helped. Mellström and Johannesson's charity option removed the crowding out in their sample. If a redirect is possible, offer it.

6 · Separate the lines.Write down, in three short lists: what is owed by contract (pay it, plainly, never as a gift); what is offered beyond it (make it refusable without cost); what you hope will be returned (never demand it, and never measure it in a way people can see as a demand).

7 · Decide, and date a review.Choose: introduce as designed, introduce redesigned, or do not introduce. Set a date eight weeks out to compare the behaviour with its level before the change. If it has fallen, remove the incentive, and expect, as the Haifa centres showed, that the old level may not return at once.

4 · The Circulation Map (chapter 4)

A one-sheet map, drawn once a quarter, of where value moves in a team or a household and where it stops. It takes forty-five minutes. It works best drawn by two people together, one of whom gives a great deal.

1 · Place the people (5 minutes).Write each person's name in a circle, spaced around the page. For a household, include anyone who regularly gives or receives: a grandparent, a neighbour, a child at university. For a team, include the people in adjacent teams who are part of its daily exchange.

2 · Draw the flows (15 minutes).For every regular gift that is not required by contract or rule, draw an arrow from giver to receiver. Label it in two or three words: *covers Friday*, *reviews drafts*, *school runs*, *knows the client*. Use a solid line if it happens weekly or more, a dashed line if monthly.

3 · Mark the pools (5 minutes).Find any person with three or more arrows leaving and none or one returning. Shade their circle. These are the pooling points: people whose giving is not circulating back to them in any form.

4 · Separate saplings from free riders (10 minutes).For each person with many arrows arriving and few leaving, write one line: are they new, recently moved, carrying something heavy at home, or still learning the work? If yes, they are a sapling, and their position is expected for now; write the month you expect it to change. If none of those applies, mark them for a conversation, not a sanction.

5 · Listen at the pools (5 minutes, then a week).Write one question for each shaded person, to be asked privately in the coming week: "Where does your giving here feel returned, and where does it not?" Write nothing else until you have heard the answer.

6 · Choose one return (5 minutes, after listening).For one pooling point, choose one specific way the system can give back to that person: a task taken off them, a named acknowledgement, a choice they have been asking for. Not money unless they have asked for money. Record the date.

Next quarter, redraw the map. Count the shaded circles. The aim is not a page of balanced arrows; the forest is never balanced tree by tree. It is fewer pools, and saplings that have begun to send arrows of their own.

5 · The Gift Design Sheet (chapter 5)

A sheet for a leader or a household planning any discretionary gift: a raise beyond the contract, a bonus, a benefit, a day off, help offered to a family member. It takes an hour to complete and a quarter to read.

Part A · Separate the lines (15 minutes).

QUESTION	ANSWER
What is this person or group owed by contract, agreement or fairness, and are they getting it now?	
If not, what is the gap, measured against what source, on what date?	
Close the gap first, plainly. Cost:	
Remaining budget for the gift:	

Part B · Ask before giving (one week).- Ask each recipient privately: "What would make this better in a way I could pay for or arrange?" Write their words, not your summary.- Group the answers. Note which cost money, which cost time, which cost a rule.- Mark anything you hear more than twice.

Part C · Design the gift (20 minutes).For each gift you choose, complete one line:

RECIPIENT	THE GIFT	WHY IT WAS CHOSEN FOR THEM	CAN THEY DECLINE IT WITHOUT COST? (YES/NO)	ANY CONDITION ATTACHED?

If any line answers *no* to the fourth column or has an entry in the fifth, rewrite the gift until it does not, or move it to Part A as a term of the contract and pay it as one.

Part D · Choose two measures (10 minutes).- One outcome you hoped to change (turnover, missed handovers, a family member's stress), with its current level and source.- One return you have never counted before (volunteered cover, ideas offered, help given unasked), with a way to count it that nobody experiences as surveillance.- Do not add a third.

Part E · Give, then wait (one quarter).- Give each gift with one sentence that names what you noticed: "You asked for the rota two weeks ahead; it starts on the first."- Do not ask for anything back. Do not mention the gift again.

Part F · Read the quarter (15 minutes).- Outcome measure, before and after:- Return measure, before and after:- What else changed in the same quarter (season, staff, prices):- What you now believe, and what you cannot tell:

6 · The True Cost of a Wage (chapter 6)

A calculation for a leader or a finance team, to be run before any decision about pay levels. It takes two hours with the payroll and the HR records. It follows Cascio's method and should carry his caveats.

1 · Gather four figures for the last twelve months.- Headcount in the role, averaged over the year.- Number of leavers in the role.- Average annual pay in the role.- Your estimate of the full cost of replacing one leaver, as a share of annual pay. If you have no estimate, use Cascio's conservative sixty percent and say that you did.

2 · Calculate turnover and its cost.- Turnover rate = leavers ÷ average headcount.- Cost per replacement = average annual pay × replacement share.- Annual cost of churn = leavers × cost per replacement.- Churn cost per employee = annual cost of churn ÷ average headcount.

3 · Separate first-year from later turnover.Count how many leavers had been with you less than a year. Calculate turnover for people past their first year separately. This is the figure that most closely tracks whether the exchange is holding once people are in it.

4 · Model one change honestly.Choose a proposed change in pay or benefits. Calculate its annual cost. Then ask: by how much would turnover have to fall for the saving on churn to offset part or all of that cost? Write the answer as a number of leavers per year. Decide whether that number is plausible, and write down why.

5 · List what the calculation leaves out.Write down, honestly, what this arithmetic cannot see: the effect on customers, the discretionary effort of the people who stay, the knowledge lost with each leaver, any difference in who you hire. These belong in the decision even though they are not in the number.

6 · Record the assumption.Note every estimate you used and where it came from. In a year, run the calculation again with actual figures and compare.

7 · The Community Immune-System Check (chapter 7)

A review for a team, a department or a household, of how the group answers people who take without giving. It takes forty-five minutes and is best done with three or four people who see the group from different places.

1 · Name the last three times (10 minutes).Write down the last three occasions on which someone in the group took without giving, or failed to return what was owed: a deadline missed that others covered, a share of work avoided, a promise not kept. Describe each in one line, without names.

2 · Describe the response (10 minutes).For each, write what happened next. Who noticed? Who said something, and to whom? Was there any consequence? How long did it take?

3 · Score the response against Valencia (10 minutes).For each response, answer five questions with yes or no:- Local: was it handled by people who knew the work and the people involved?- Public: could the people affected see what was decided and why?- Fast: was it settled within a week?- Proportionate: was the response the smallest that would work, rising only if repeated?- Owned: do the people in the group regard the rule that was applied as theirs?

4 · Look for autoimmunity (5 minutes).Ask whether any response in the last year fell on a person who was giving rather than taking: a generous colleague criticised for doing too much, a newcomer punished for not yet knowing the norm. Write down any example. This is Herrmann's antisocial punishment, from Chapter 4, in your own group.

5 · Choose one repair (10 minutes).Pick the weakest of the five features across your three cases. Decide one change that would strengthen it: a standing slot in a weekly meeting where any member can raise a broken obligation (fast, public); a short rule the group writes itself (owned); a first response that is a conversation, not a sanction (proportionate). Write it down with a start date.

Review in a quarter. The measure is not the number of sanctions. It is the number of disputes settled at the gate, before they needed a Thursday.

8 · The Sponsor's Commitments (chapter 8)

A one-page commitment the sponsor signs in week one and the stewards keep. It exists because the sequence fails, most often, by the sponsor acting early.

I will:1. Make no announcement about this work before week six.2. Read every finding before I decide anything, and ask questions before I offer views.3. Close every gap between what people are owed and what they are paid before I offer anything as a gift, or pause the sequence and say why.4. Make no gift that cannot be declined, and attach no condition to any gift.5. Remove, or justify in writing, every incentive the team tells me makes giving harder.6. Practise the Weekly Reciprocity Ledger myself from week eleven, and keep it for at least a further quarter.7. Share what we found in week thirteen with everyone who took part.

Signed: __ Date: _*Stewards: Sceptic:* ___

9 · The Season Report (chapter 9)

A two-page report, prepared at the end of each quarter by the stewards and the sceptic, for the sponsor and, in summary, for the team.

Page one · The figures.

MEASURE (MAX FOUR)	SOURCE	SAME QUARTER LAST YEAR	LAST QUARTER	THIS QUARTER

Below the table, two lines:- What none of these figures can see:- What would have to be true for these figures to mislead us:

Page two · The reading.

1. What we changed, and when. (List with dates.)
2. What else changed in the same period. (List: staff, season, market, organisation.)
3. What we now believe. (Plain sentences.)
4. What we cannot tell. (Plain sentences.)
5. In their words. Two or three sentences, without names, from the people at the pooling points, in answer to: "Has anything changed in whether what you give here feels returned?"
6. Next season. What we will keep, what we will stop, what we will try.

A check before it goes out. Read the report aloud with the sceptic. Strike any sentence that credits the team's changes with a movement the second list could explain. Strike any figure that names or could identify a person.

10 · The Conversation Plan (chapter 10)

A one-page plan to complete before any of the conversations above. It takes twenty minutes.

1. Who, and what are they right to worry about? Write it as they would say it, not as you would.
2. What will I receive first? One specific thing this person or group has given, named exactly.
3. What is owed, and is it being paid? If not, what will I say about closing the gap?
4. What am I offering beyond what is owed? Can it be declined without cost? Does it carry any condition?
5. What will I not claim? List the claims the evidence does not support that I might be tempted to make.
6. What is their way out? Write the sentence that tells them they can say no, and what will happen if they do.
7. What will I do if they say no? Write it now, so that the answer to a refusal is not improvised.

After the conversation, add one line: what did I learn about where the line is closed?

11 · The Kitchen-Table Map (chapter 11)

A household version of the Circulation Map and the Three Obligations Audit, combined. It takes an hour and is best done by two adults together, with older children invited for the second half.

Part 1 · Draw the household (20 minutes).Place everyone who regularly gives or receives in a circle on a large sheet, including people outside the house who are part of its daily life. Draw an arrow for every regular gift: *school runs*, *Mum's medication*, *birthday cards*, *fixes the car*, *listens*. Solid for weekly or more, dashed for monthly.

Part 2 · Find the pool (5 minutes).Shade the person with the most arrows leaving and the fewest returning. Do not discuss it yet.

Part 3 · Separate owed from given (10 minutes).List anything in the household that is owed rather than given: shared bills, promises about money, agreed divisions of work. For each, write whether it is being paid as agreed. Close any gap plainly, before Part 4.

Part 4 · Find the gifts that have become prices, or demands (10 minutes).Mark any help that is paid by the task, and any gift that comes with a condition or a question afterwards. For each, decide: separate it into paid work and a gift; remove the condition; or call it an agreement and write its terms.

Part 5 · Receive (10 minutes, then this week).Each person writes one specific sentence to the person in the shaded circle, naming something they give and what it makes possible. Say them this week, not all at once, and not as a ceremony.

Part 6 · One return (5 minutes).Choose one way the household can give back to the shaded person that they would choose: a task taken away for good, a decision handed over, a time that is theirs. Ask them first. Record the date.

In three months, draw it again. The aim is not equal arrows. It is a household where the person who gives most can see some of it returning.

12 · The Weekly Reciprocity Ledger (chapter 12)

A fifteen-minute practice for a Monday morning, kept in a notebook. It is the four commitments made into a habit. It is written for a leader; for a household, read *team* as *family*.

1 · Received last week (5 minutes).List three gifts you received last week that were not owed to you: effort beyond a role, an idea offered, a kindness, a correction given carefully. For each, write who gave it and whether you have acknowledged it specifically. If not, write the one sentence you will say to them today, naming exactly what they did and what it made possible.

2 · Given last week (3 minutes).List what you gave that was not owed. For each, ask: could it have been declined without cost? Did it come with any condition, spoken or not? If a gift came with a condition, decide whether to remove the condition or to move the thing into the contract and stop calling it a gift.

3 · Owed this week (3 minutes).Write down anything that someone is owed by you, by contract, promise or fairness, that has not yet been paid: a review that is late, a raise that was promised, a decision someone is waiting on. These come before any gift. Schedule each one.

4 · Pools (2 minutes).From your last Circulation Map, name one person whose giving is pooling: much leaving them, little returning. Write one way the team can give back to them this week that they would choose, not that you would.

5 · Prices (2 minutes).Note any incentive, metric, fine or bonus you are considering. If there is one, mark it for the Crowding-Out Check before it goes further.

Once a quarter, read back through the ledger. Count how many acknowledgements you gave and how many owed items were paid on time. Those two numbers, over a year, are a fair measure of whether the current is moving.

The economy nobody invoices

Every organisation that works runs on a thousand acts no contract specifies: the hour stayed, the draft sent early, the mistake caught in somebody else's spreadsheet. They are returned, or they stop.

Luminous Prosperity Inc. takes this work into organisations as a gainshare. The flow is opened from the inside, with the people who already hold what the firm knows. The gain is counted from records the firm

already keeps, against a measure both sides sign before anyone knows the answer, and the house is paid as a share of what is found: between thirty and ten per cent of it.

The book gives thirteen weeks, and a way to measure what is given without damaging it. Where your own exchange has stopped, and what restarting it would return, is read from your people and your records. That begins with a conversation.

REQUEST A CONVERSATION

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