

Sexual Selection and Economic Positioning

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Synopsis: In their recent survey of Darwinian aesthetics, Grammer et al. (2003) note the surprising lack of a connection between studies related to human beauty and the theory of sexual selection. Understanding this missing link sheds new light on recent research that indicates positional concerns Pingle & Mitchell 2002, Solnick & Hemenway 1998, are important factors in the decision-making process. Integrating the theory of sexual selection into the decision framework found in economics makes it possible to explain why individuals are potentially willing to accept less, as long as it places them in a superior position relative to others.

Key words: relative preferences, gene, evolution, handicap principle

JEL classification: D110, Z19

Modern economic theory is predicated on the assumption that more is preferred to less. However, recent research indicates that positional concerns (Pingle & Mitchell 2002, Solnick & Hemenway 1998) are important factors with respect to both consumption and income. The empirical data from their survey work indicates that individuals would be willing to accept less if it placed them in a superior position relative to others. These invidious comparisons first noted by Veblen (1899) and more recently by Frank (1999), raises the interesting question whether human beings are less rational than economists have assumed, or whether there is something else at play in the decision-making process. Rather than appealing to irrationality on the part of economic agents, it may be worthwhile to look more closely at the peacock's tail and other natural phenomena for an explanation.

The peacock's tail has been perhaps the most vexing challenge to biologists trying to explain why an organism would be willing to place itself at risk in support of such an ostentatious display (Cronin 1991). One popular explanation based upon Zahavi's (1975) handicap principle is that the peacock's tail serves as a signaling device to perspective mates about relative health and strength. As a result, it would only seem natural to make a similar connection between displays of wealth or beauty and the process of sexual selection. However, in their recent survey of Darwinian aesthetics, Grammer et al. (2003) note the surprising lack of a connection between studies related to human beauty and the theory of sexual selection.

From the perspective of economics, Ben-Ner & Putterman (2000) have suggested that evolutionary psychology (Buss 1994, 1995) may provide the best avenue for

integrating the concept of sexual selection into the economic decision-making process.¹ Introducing the concept of sexual selection, however, shifts the focus away from the organism to a broader perspective that also encompasses the gene. While both the gene and the organism share the same goal of survival, they each achieve that goal in a different way. The gene survives by being passed along from one generation to the next through the process of reproduction. It is the mixing of genes between partners that plays a large role in determining the survival probabilities from one generation to the next. For the gene, survival is a process that takes place through time where the partnering decision is the key for success. On the other hand, the organism survives for a single generation. Life begins with birth and ends with death. Therefore the issue of survival for the organism is largely dependent on the ability to garner the largest share from existing scarce resources.

These two very distinct paths for obtaining the same objective (survival) lead to the construction of compatible, but different decision functions. On the one hand, the survival of the gene depends on the ability of the organism to choose the best possible partner so that the subsequent mixing of genes and the creation of a new generation of organisms places the gene in the best position for survival. The survival of the organism on the other hand, depends on the ability of the organism to choose between alternatives in order to ensure that they have maximized the use of existing resources to increase the probability that life continues for a determinate period of time. One way of understanding how these independent decision functions can coexist is to conceive of them as occurring on two levels. One level represents those decisions designed to place the economic agent in a superior relative position to maximize the survival of the gene, while at a higher level, decisions are implemented to maximize utility in an effort to further the survival of the organism.

It is in the selection of potential partners that subsequently leads to a mixing of genes into new combinations through the process of reproduction where economic positioning becomes an important variable. To ensure that the best of all possible combinations is created (though not one that will necessarily be selected for survival), choices are made in response to the signals that are sent between individuals. Signals about wealth, intelligence, and natural beauty help in the decision process underlying the selection of partners who mix their genes and transmit these new combinations to future generations.² Those individuals who make the best choices based on the available signals will place their genes in the best position to be selected for survival.

To more fully develop the role that economic positioning plays within a broader evolutionary theory of the economy, we begin by developing the argument that relative position plays an important role when the standards for success are constantly changing. Next, the point is developed that the key to survival is not merely keeping up with changing circumstances, but also depends on remaining one step ahead of one's contemporaries. Finally, the point is made that change is not something that occurs exogenously, but is itself driven by those same forces that make relative position essential for future survival.