

**Breaking the Boundaries of Rational Calculation for the sake of the Common Good:
Equality, Ecology, and Sustainability require more than the frame of Utilitarianism**

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Abstract

Standard economic theory is quite able to accommodate concern for equality, ecology, and sustainability. All can be considered to be public goods from which individuals derive utility. Standard economic theory combined with empirical evidence can show that individuals do indeed prefer greater equality, healthier ecosystems and stronger sustainability for the sake of future generations. Standard theory can also show that markets are incapable of providing these public goods in ample amounts and quality. This paper will make the case for equality, ecology, and sustainability using the conventional framework.

Standard theory has not as yet made the case that the good of the whole exceeds the sum of the good that accrues to individuals, that society and community are real indeed. This paper will make such a case. The common good exceeds the sum of the parts. In addition the good of the whole as well as the good to individuals involves more than utilitarian calculation. Justice and fairness and ethical behavior all have intrinsic value just because, because they are right. Caring for the earth, other species, future generations, and economic justice demand that we break the boundaries of utilitarian constraints.

The Utilitarian frame as used within standard economics provides insufficient valuation for the common good and insufficient motivation to treasure and protect it. We must do better.

The case for equality in the standard frame:

Idealistic

Yes, certainly some level of inequality is necessary in an economic system to provide basic incentives to work and produce, to study and to improve oneself. But such levels of inequality are inherently modest, on the order of perhaps one worker earning 3 or 4 times that of another. The levels of inequality that plague our economic system are exponentially greater than what is needed or desirable.

Unacceptable inequality is any inequality unnecessary for basic incentives to work and produce, to invent and create. Unacceptable levels of inequality hamper economic growth. The rich spend a smaller percentage of their income than do the middle class or the poor. Too much money in too few hands imperils economic growth as it did in the beginnings of both the Great Depression and the Great Recession. Unacceptable inequality reduces social cohesion.

Inequality reduces the ability of different income levels to interact with one another on a social basis, to engage in similar pursuits and forms of entertainment, to experience similar problems, and have common reference points. Unacceptable levels of inequality increase crime rates, and the percentage of a population behind bars – not good for the budget and not good for economic growth. Unacceptable levels of inequality put the rich behind gated communities, aloof and apart from the rest of us. The rich seldom see the rest of us except for when we act as their servants. Individuals have a preference for living in a society where people are more rather than less equal even if there is a utility in personal well-being above the middle, where such utility is a positive function of distance from the middle.

Egregious inequality

Egregious inequality is in evidence when the life expectancy of people is vastly different between income levels. It is also in evidence when there are profoundly different educational opportunities based upon class. The best are then not properly educated and trained and this affects the entire society adversely. Egregious inequality amplifies the disintegration of social cohesion and may well lead to the complete breakdown of society and the political social order.

I cannot think of any society that has ever existed where there was or is too much equality. To the best of my knowledge there has never been nor is there now a society where there was so much equality that too much equality imperiled economic growth by removing incentives to work and produce. And there has certainly not been a society with so much equality that equality lead to social breakdown or the extinction of the society. The former USSR did not fall because of too much equality. The former USSR did in fact have a great deal of inequality, well beyond the official statistics. Indigenous economies do not lack economic growth because of too much equality; rather economic growth seems not to be that great of a value, where people value relationships and happiness much more so than economic growth. To the best of my knowledge there has never been a society that has even eliminated all forms of egregious inequality let alone the more idealistic case of eliminating all forms of unacceptable inequality.

Sustainability in the standard frame:

It is a relatively simple step in the standard model to make the case for sustainability. The current generation cares something for future generations. The continued existence of the human species coupled with the quality of life and the environment at that time will greatly impact the future children, grand and great grand-children of the current generation. The future quality of life depends greatly on the actions of the current generation. Individuals can strive to save in order to pass on small and even large fortunes to their own children and grand-children, but the future happiness of individual human beings will be shaped and determined

far more so by the quality of life and the health of human society and the eco-system. Individuals cannot by their own actions make their own society just or fair, preserve the environment, or protect future generations. In addition, the current generation may well care about future generations beyond their progeny. For the current generation, sustainability for the sake of future generations is therefore a public good. The market cannot on its own, provide or insure an adequate amount of any public good, including sustainability. Collective action must be taken.

In addition to the benefits that the current generation receives from action to insure sustainability, future generations will also derive benefits of their own from the sustainable actions taken today. Future generations do not get a vote in either our markets nor in our policy debates. The standard model can, but often fails to account for these benefits to future generations. Too often a discount rate is used in cost-benefit analysis which is so high that it seriously undervalues future benefits and costs relative to the present. While a positive discount rate can be justified to account for realistic and credible increases in living standards and advances in technology, too high of a discount rate that relies on unrealistic projections of technical advance seriously undervalues future generations. Just as future generations do not get a vote in our markets and policy debates, they also do not get a say in what the appropriate discount rate should be.

The case for Ecology in the standard frame:

The case for Ecology is quite easy to make in the standard frame. Human beings derive tremendous benefits from the environment in which they live. Destruction of the environment not only impoverishes current and future generations, it also threatens the continued existence of the human species, not to mention countless other species as well. There are many benefits that humans derive from the environment and a healthy ecology. First and foremost our environment sustains our very lives and a healthy environment is conducive to human health. Pollution and global climate change adversely impacts health, happiness and utility. Losses in health and life expectancy sap labor productivity and morale, even as medical bills, relocation and other costs increase. Other species which are imperiled by pollution and climate change also provide benefits to people in terms of food, medicines, resources, photo, audio, research, and vacation opportunities. As other species decline in numbers human happiness will be adversely impacted. Also as technology increases as well as knowledge and scientific methods, a species gone extinct today may well deprive us of countless future benefits we would have otherwise enjoyed.

Theoretically all of the intangible benefits to people of clean air, clean water, healthy ecosystems, and bio-diversity could be included in our models. We could include the scent and visual appeal of clean air. We could include the benefit of just knowing that some wilderness

remains, that so many other species are not going extinct, of seeing and experiencing the joys of wilderness and as much of the natural world that remains, but that is not typically done in practice. But theoretically all of these intangible benefits and costs could be incorporated into the model.

In the standard frame the concepts of externalities and public goods can be invoked to demonstrate why the market cannot be left to its own devices to solve environmental problems. Pollution and global climate change can be viewed as negative externalities of human production and consumption. In which case the production and consumption that is the cause of the problem could either be taxed or regulated so as to lessen or eliminate the source of pollution or climate change. Either way standard theory aptly demonstrates the need for some type of collective action. The market will not solve the problem on its own. Conversely clean air, healthy ecosystems, natural climates, can be viewed as public goods. Basic economics clearly shows that markets cannot provide an adequate amount of any public good and that therefore government must act to insure such provision.

Just as future generations of individual human persons do not get to vote in our markets nor in our policy debates, other species also do not get to vote in our markets or our debates. While cost benefit analysis does typically consider the benefits and costs to future generations, apart from the value that the current generation places on future generations, even though at too high a rate of discount, the benefit and costs experienced by other species of animals and plants are not considered at all. Unfortunately the standard model values other species according to their benefit to people. Theoretical economics could value other species, apart and in addition to their benefit to people but that is not what is typically done in practice.

Theoretical Economics verses Economics in Practice

Standard theory can through the use of public goods and externalities make the case for greater equality, a cleaner environment, and sustainability. Yet even though standard theory can make such a case, it is not typically done on a practical policy level. Incorporating the value of other species to itself is rarely seen even in academic papers. Even the benefits that individuals derive from living in a more just and equal society are rarely considered in policy circles and even academic conferences. Theoretical economics can easily make the case for equality, ecology, and sustainability, but all too infrequently makes such an engagement.

Some holes in Economic Theory

The Whole verses the Sum of the Parts & Rationality, Really

Where theory itself falls short is in its inability to consider the whole to be greater than the sum of the parts. Standard Social Welfare Theory merely adds or sums the net benefit to individuals

to obtain the net benefit to society. But the good of the whole may indeed be greater than the sum of the parts, and this would include many aspects of the common good. The survival and health, which would include social cohesion, of the whole has not been adequately considered by theoretical economics. The Whole could be community or town, Nation, Human Species, or even the Eco-System. Theoretical Economics gives inadequate attention to or even recognition of the Whole, let alone the good of the Whole, or the Common Good.

There is a good of the Whole that the market cannot and does not consider. Individuals may well benefit from the good of the Whole, the good of the group. Individuals may even be well aware of some of these benefits. When standard economics fails to adequately recognize the existence of the group, of the whole, the benefit of the group's existence or health to individuals, these benefits that individuals are aware of, when they reflect upon the situation, can easily be overlooked in the theoretical model. These are not direct separable benefits to individuals and can easily be missed by an economic science which uses the individual and the sum of individuals as the alpha and omega of its analysis. Even if the theoretical model succeeded in somehow counting these, such benefits would be in the nature of a public good, a good therefore that markets and competition will not supply in an ample amount. Count not therefore on free trade or the market protecting a town or a community or deeper values.

There are other benefits which accrue to individuals as a result of the Whole's survival and health. These are the benefits individuals may be only faintly aware of, or perhaps not at all, even after great reflection. And then there may be benefits from the survival or health of the group that exceed all benefits to individuals both direct and indirect benefits, those that individuals are aware of as well as those they are not. There may in fact be benefits from the survival of the whole that that are greater than the sum of ALL individual benefits. Margaret Thatcher to the contrary, society – the whole – does exist.

Standard theory is hopelessly and needlessly trapped in its own internal logic. Individuals are assumed to maximize their own utility separate and apart from others. Those who share with others, those who give their very lives for others or for community are assumed to be maximizing their own utility in the same way that the most narcissistic individual is maximizing her utility. The only difference is the objects in the utility function selfishness verse sharing. In standard theory individuals share because it makes them feel good. In standard theory individuals hoard goods and try to get more because it makes them feel good. Everyone is therefore just trying to make themselves feel good and economics comes off as value-free and without moral judgment and without a means to ethically differentiate the selfish from the altruistic.

Yet standard theory is still capable of even greater chameleonic transmutations. It can even allow for individuals refraining from selfishness, not because it makes them feel good, but

rather more stoically because they derive utility from their ethic or sense of duty to others. Even here, what standard economics cannot escape is the fact that it still comes back to the self as the center of the cosmos, with again an inability to ethically differentiate the selfish from the selfless, as it all comes back to the self. Standard theory circles back in its own internal logic unknowing and uncaring of its limitations.

It is actually quite important for economics to break out of this internal logic, not only for the sake of economics but also for the world as a whole. It is important to break this circular reasoning first because it is not true but secondly because it helps to perpetuate an ideology that proclaims greed and self-interest are both natural and good. It can alternatively be argued that sharing is both natural and good and that greed is the byproduct of the type of society lived-in; or rather that it is the byproduct of the lack of real society, real community, and real relationships. Such an alternative argument can be made, it desperately needs to be made and economists need to allow for it at the core of analytical economics.

In the earliest encounters with Indians in the New World Spanish priests marveled at the lack of selfishness and the extent of sharing among native peoples. Both French priests and Puritans gave similar testimony. A few centuries later Henry Dawes also noted the lack of selfishness among American Indians, but instead of considering it admirable thought the lack of selfishness was preventing the Indian from becoming fully civilized. There have been similar observations made by Europeans upon contact with indigenous and aboriginal peoples throughout the globe. The extent to which greed and selfishness pervade a society is not determined by nature but rather by society, by a culture.

The postulate of rationality, of Homo Economicus, which undergirds standard theory, contains within it an ideology of individualistic self-absorption and narcissism which corrupts our politics, ensnares our policies, and puts severe limitations upon what can realistically be accomplished for the common good.

Standard theory also implicitly if not explicitly assumes that people correctly perceive their costs and benefits, that they know the true usefulness of actions and objects, even if only to themselves. In standard economics it is known as the rationality postulate. In an age of every more sophisticated and subtle forms of manipulation of tastes and preferences through advertising, mass marketing, and media, it is doubtful that individuals know their true benefits and costs, if they ever did.

Yet no matter how well the benefits to the Whole are considered, no matter how broadly and completely the benefit and costs to individuals of the present and even future generations are counted, or even to other species, this is still essentially a Utilitarian calculation. It is still an ethic of usefulness that guides and serves as the foundation. Something more is needed.

Market Failure and the Failure of Theory

Good standard economics teaches that markets fail to be efficient in the case of public goods, and in the case of externalities. Markets do not properly value public goods or count externalities. Therefore the market fails in these instances. Good standard economics also teaches that markets even if perfectly efficient cannot be assumed to be fair or just or ethical, but since Lionel Robbins standard economics has retreated from discussions about the fairness or justness of the income distribution. But at least standard economics doesn't teach that market efficiency guarantees justice, it argues instead that this is a judgment to be rendered by society, not markets, and not economics.

Good standard economics though does fail in many respects. Enamored and focused on the good of individuals, it may well miss the good of the Whole that accrues to individuals. It most definitely misses the good of the whole that is greater than the sum of the parts (the common good), or we could call it the good of the whole to itself. Good standard economics can also easily fail to fully consider the full value of nature to human beings. In addition to missing some of the use-values of nature, it may also miss entirely the enormity of appreciation and enjoyment that people feel merely because it is there. Good standard economics will completely miss the value of nature to itself, just as it will miss the full value of future generations to future generations.

Markets fail to be efficient and some of that failure is recognized by Standard Economics but some is not. More importantly, however, is that markets fail ethically. In order for Economics to address the full range of market failures both according to efficiency and according to ethical considerations, so that economic theory can properly guide policy and politics, in order to wisely govern, manage, and police the market, the constraint of Utilitarian Calculation must be breached.

Beyond Utilitarianism

There are multiple aspects of Utilitarian thought. There is the usefulness to a particular individual or the representative individual. Then there is the usefulness to the sum of all individuals. Then there is the usefulness that amounts to the greatest good for the greatest number which suggest that the basic needs of the many should count for more than the superfluous but expensive wants of the few. Then there is the usefulness to the group to consider, where the group could be human communities, or the entire human species, or

Ecology, or the Web of Life. And the good (as in usefulness) of the Whole apart from the good to individuals also is there for consideration.

Morality and ethics can be used to state why the usefulness of the greatest good for the greatest number outweighs the usefulness of a few individuals, or how the good of the whole trumps the good of either a few or even many individuals, or where the common good of the whole outweighs the many private goods. Morality and ethics can be used to judge the usefulness to Ecology to supersede the good to people alone, or to what humans “perceive” as their good, whether as a group or as perceived by individuals.

In short, morality and ethics can be used to weigh one type of usefulness, real verses perceived, broad verses narrow, human-centric verses all inclusive, to judge why a course of action is right or wrong. But all of this remains Utilitarian. Utilitarian calculation undergirds ethical analysis and consideration at such a basic level, that it finds a way to creep back even unintentionally in subsequent and alternative analysis that purports to be non-utilitarian.

Is it possible to construct an ethic for Equality and Ecology and Sustainability, just because they are right? And when explaining why they are right, is that possible without resorting to how useful they are. Unfairness and inequality, pollution and endangering other species is morally reprehensible for upsetting the Divine or Spiritual or Cosmic Order and not merely for their being destructive and corrosive of usefulness but because they are manifestly wrong? But why are they wrong? Why do they upset some sort of Divine or Spiritual or Cosmic Order. If a God or Goddess or gods and goddesses are invoked, some sort of theology that presupposes a creator or creatrix, it seems easy enough to come up with a reason. If all men and women are brother and sister, if the earth was given to them to be shared, then inequality is a great affront to spirituality. But Religion can just as easily be used to justify inequality as in the poor are poor because of Karma, or its God’s will for some to be rich and others poor, or the rich deserve their success because they are more productive or belong to ‘the elect’.

Similarly pollution and climate change could be regarded as an affront to a Creator or Creatrix as all the species of the Earth were intended by the Gods or God to exist and thrive. But Religion can just as easily be used to justify the imperiling of other species by saying that all other species exist solely for the benefit of human beings. The most pernicious form of this Bad Religion is Domination or Dominion theology which extols the idea that nature exists to be ‘aggressively’ used and exploited by humans.

No religion is actually needed to establish an ethic based on a non-utilitarian construct. The reality of science can be used to demonstrate the physical and psychic relationships and linkages between all human beings, as well as between human beings, other species, and the rest of the natural world. The basic principles of science aptly show the DNA linkages, the

history of evolution, and the common substances and elements. We are scientifically and matter of fact connected and integrated and in some sense in need of one another. Amazingly (But it really shouldn't amaze us) the spiritual traditions of indigenous peoples or earth based religions are quite in sync with the reality of science.

As members of the same species, as members of the same human family, sharing of resources, land, and wealth is called for. All human beings are in fact members of the same human family. All human beings are in scientific fact brother and sister and united in kinship. Inequality can only be justified with lies. And what are the lies? There is no evidence that there is a God that wills the poor to be poor and the rich to be rich. But such is asserted by some who try to justify inequality. It is a justification based upon a lie for which there is no evidence. There is likewise no evidence that bad Karma determines who is poor, or that the rich whether through merit, achievement, or divine favor somehow deserve their wealth because they were in this life or some other more productive or deserving. Inequality can only be justified by an appeal to lies like these.

All the species of life are related. They co-exist in a web of life. Destruction of Ecology is an affront to millions of years of Evolution which over the eons of time has woven a balance, a harmony, a beauty. Pollution, Climate Change, Habitat Destruction, as well as assaults on entire eco-systems can only be justified with a lie, lies such as Humans are special, that only humans have a soul, that only humans are made in the image of divinity, that only humans make tools, or that only humans make rational or moral choices, that the rest of nature exists, it's very purpose is for humans to use.

An ethic based upon the best of scientific understanding, and thoroughly consistent with the earth based spiritual traditions of indigenous peoples, demands that we share this earth with all members of the human family, with other species, and all the elements of the natural world.

Equality and Ecology require no lie. Equality and Ecology radiate with balance and beauty, harmony and truth. They are ends in themselves and characterized by the ability to respect and reverence others. In sharing with other people their right to exist is respected and revered, which in turn allows for the balance of reciprocal relationships. In sharing with other species, humans allow room for them to exist and flourish. Respect for other individuals today, for other individuals of future generations, other species, other elements of nature, is an acknowledgment of their right to exist and demands at its essence sharing. Such is virtue as it respects others and is grounded in unselfish love.

Inequality and Environmental destruction can only be justified with lies. They represent a refusal to acknowledge otherness, the rights of other human beings and other species to live and to flourish. Inequality and Environmental destruction can only be justified by the selfish

who consider their own good to be greater than the good of others, or even the good of the whole of humanity or the good of the entire web of life. A person who so elevates himself above others is more than just selfish, he is actually insane as insane is a separation from reality, a refusal to see clearly, to recognize the truth.

One person, one species deserves no more and no less respect than another. How can an individual think they are entitled to more than another, particularly significantly more, so much more so that others are in danger of death? Only lies motivated by selfishness and actually believed through a type of insanity emerge as possible justification.

Borrowing a bit from Kantian ethics my parents helped me learn right from wrong by posing the question, "how would you like someone to do that to you?" That question while invoking a type of empathy for others is at its core a simple recognition of the existence of another person. It worked to change my behavior after I realized that something I had done had hurt another person. It also caused me to have a few nightmares over Daddy Long Legs, but not for the usual reasons. One of my playmates routinely tortured and killed them. I often imagined how they would feel and felt very badly for the Daddy Long Legs.

Again borrowing from Kantian ethics I was often asked by my parents, "What if everyone did what you did?" I would realize that I did not want everyone to do what I had just done, and that I therefore didn't have the right to do what I had done. If everyone took a rock from the National Park or a piece of petrified wood, or an artifact, or flower, soon there would be no rocks left for others to look at and behold. And soon there would be no more flowers, or petrified wood, or artifacts. It worked to change my behavior as I didn't think myself so special, so apart and distinct from others that I was entitled to more than they. Setting oneself apart, in a special category, where one can do, what one would rather not that others do, is a lie, is actually more than a lie, it is a type of insanity. It can only derive from a narcissistic self-centeredness which would make any sense of ethics or a functioning human society impossible were everyone to so self-indulge in such a delusion.

The basic structure of an economic system must leave room for all human beings to make a living. In most economic systems today that means a right to a meaningful job at a livable wage. This is a right that unfortunately goes too often without recognition and a method of enforcement. Societies must make a collective social commitment to honor and secure the right of meaningful employment to all, and usually that would entail government as the employer of last resort. It is through labor that individuals give back to their society. Individuals have a need to give back to others which is more necessary for human dignity than even income is. Just as human societies must allow room for all individuals to make a living, the human species is also morally obligated to leave room for other species to not only survive but also to flourish.

Sharing must be structured on a collective level in order to be meaningful and effective. Sharing among people of the current generation, sharing with future generations, and sharing with the earth and with other species must be institutionalized to be effective. It must involve changing and building new structures and new institutions at the national and global level to govern the global economy in the interest of equality and ecology.

Sharing on an individual voluntary level far too often involves predation by some upon the sentiments of others in order to acquire far more than what they truly need or deserve. At the same time others who are truly needy and even deserving go without as they are less successful in acquiring gifts. A just society must provide a collective and comprehensive social safety net, but even more so it must guarantee a meaningful job at a livable wage to all.

Sharing at the collective level will necessarily result in greater equality. The preference for greater equality is obvious and natural. It does make people as individuals feel good because it is natural and rooted in respect for the existence of all, an acknowledgment of the right of others to live. But feelings do come and go. Feeling good about a course of action or a social structure or a policy is unpredictable and cannot be the motivation for its construction or maintenance. In the end only duty or love for others can supply the necessary motivation.

Feeling good or happiness, while an unpredictable byproduct, cannot be the motive for yet another reason. If the sole reason for sharing is to make oneself feel good then it is not really sharing. The self would still be the center of the cosmos. It would still be rooted in a type of insanity, narcissism. As soon as sentiments changed or good feelings altered the desire for sharing would be sapped and excuses would be made. Again, love and duty, not happiness, must form the basis of an ethic rooted in the recognition of the right of others to exist.

All persons have dignity, and included in persons are other species and all the elements of nature. All persons deserve respect. Why? All persons deserve respect because they exist. To see another person, to really see is to marvel at the miracle of existence. The truth of existence invites respect, reverence, and reciprocity. And from such Respect, Reverence, and Reciprocity flow the ability to see and appreciate Beauty, Balance, and Harmony, what the Navajo call *Hozho*. And so Equality, Ecology, and Sustainability, emerge as ethical choices, not merely because they are Useful, although they are indeed useful. In the Final Analysis chosen are Equality, Ecology, and Sustainability because they possess the Beauty, Harmony, and Balance, only those with a sharing heart can see. And sharing is what keeps us human, what keeps us sane.