Economic Analysis, Moral Philosophy, and Public Policy

Second Edition

Economic Analysis, Moral Philosophy, and Public Policy shows through argument and numerous examples how understanding moral philosophy can improve economic analysis, how moral philosophy can benefit from economists’ analytical tools, and how economic analysis and moral philosophy together can inform public policy.

Part I explores rationality and its connections to morality. It argues that in defending their model of rationality, mainstream economists implicitly espouse contestable moral principles. Part II concerns welfare, utilitarianism, and standard welfare economics, and Part III considers important moral notions that are left out of standard welfare economics, such as freedom, rights, equality, and justice. Part III also emphasizes the variety of moral considerations that are relevant to evaluating policies. Part IV then introduces technical work in social choice theory and game theory that is guided by ethical concepts and relevant to moral theorizing. Chapters include recommended readings, and the book includes a glossary of relevant terms.

Daniel M. Hausman is Herbert A. Simon Professor of Philosophy at the University of Wisconsin–Madison. He is the author or editor of seven books, including Causal Asymmetries (1998), Essays on Philosophy and Economic Methodology (1992), The Separate and Inexact Science of Economics (1992), both editions of The Philosophy of Economics: An Anthology (1984, 1994), and Economic Analysis and Moral Philosophy (Cambridge Surveys in Economic Literature, 1996, with Michael McPherson), all published by Cambridge University Press. Professor Hausman has worked on issues involving ethics and economics, foundational questions concerning the nature of rationality, economic methodology, and causation. He is currently studying the relations between health, welfare, and preferences.

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Economic Analysis, Moral Philosophy, and Public Policy

Second Edition

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## Contents

**Preface**  
 ix  

**INTRODUCTION**  
1  

1 Ethics and Economics?  
1.1 What Are Moral Questions and How Can They Be Answered?  
1.2 How Is Moral Philosophy Relevant to Economics?  
1.3 Organization  
2 Ethics in Welfare Economics: Two Examples  
2.1 A Shocking Memorandum  
2.2 Eight Distinctive Features of Welfare Economics  
2.3 The Economic Benefits of Exporting Pollution to LDCs  
2.4 Summers’s Argument and a Further Feature of Welfare Economics  
2.5 Is Summers Right? Should the World Bank Encourage Migration of Dirty Industries to LDCs?  
2.6 School Vouchers  
2.7 Conclusions  
3 Ethics in Positive Economics: Two Examples  
3.1 Is Unemployment Involuntary?  
3.2 Overlapping Generations  
3.3 Conclusions  
4 Rationality  
4.1 Certainty and Ordinal Utility Theory  
4.2 Expected Utility Theory  
4.3 Questions about Utility Theory  
5 Rationality and Morality  

### Contents

#### I RATIONALITY IN POSITIVE AND NORMATIVE ECONOMICS

5 Rationality in Positive and Normative Economics 60  
5.1 Rationality and Positive Economics 60  
5.2 Preference Satisfaction and Pareto Efficiency 64  
5.3 Rationality and Ethics in Positive Economics 67  
5.4 Self-Interest and Moral Motivation 72  
5.5 Conclusions 76

#### II RATIONALITY, NORMS, AND MORALITY

6 Rationality, Norms, and Morality 78  
6.1 Rationality and Self-Interest 79  
6.2 The Influence of Moral Norms on Economic Behavior 80  
6.3 How Do Norms Motivate and What Sustains Them? 85  
6.4 Philosophical Implications 89  
6.5 Morality and Utility Theory 91  
6.6 Conclusion: On the Rationality of Morality 94

#### III WELFARE AND CONSEQUENCES

7 Utilitarianism and Consequentialism 99  
7.1 Clarifying Utilitarianism 100  
7.2 Interpersonal Comparisons of Well-Being 104  
7.3 Justifying Utilitarianism 107  
7.4 Contemporary Consequentialism 109  
7.5 Is Utilitarianism Plausible? 112  
7.6 Consequentialism and Deontology 113  
7.7 Conclusion: Should Economists Embrace Utilitarianism? 116

8 Welfare 118  
8.1 Theories of Well-Being 119  
8.2 Is the Standard View of Welfare Plausible? 120  
8.3 Equating Well-Being and Preference Satisfaction 122  
8.3.1 Changing and Conflicting Preferences and Preferences Based on False Beliefs 123  
8.3.2 Assessing Preferences 125  
8.4 Modifying the Preference Satisfaction View 128  
8.5 Alternative Theories of Welfare 129  
8.6 Conclusions 133

9 Efficiency 135  
9.1 “Efficiency” as Pareto Optimality 136  
9.2 How Welfare Economics Narrows Normative Questions 140  
9.3 Cost–Benefit Analysis 144  
9.4 Objections to Cost–Benefit Analysis 147  
9.5 Cost–Benefit Analysis as a Social Practice 151  
9.6 Conclusion: Welfare Economics in Limbo 152
## Contents

### III Liberty, Rights, Equality, and Justice

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Liberty, Rights, and Libertarianism</td>
<td>159</td>
</tr>
<tr>
<td>10.1 Freedom</td>
<td>160</td>
</tr>
<tr>
<td>10.2 What Are Rights?</td>
<td>163</td>
</tr>
<tr>
<td>10.3 The Importance of Rights</td>
<td>164</td>
</tr>
<tr>
<td>10.4 The Justification of Rights</td>
<td>166</td>
</tr>
<tr>
<td>10.5 Weighing Rights, Liberties, and Welfare</td>
<td>167</td>
</tr>
<tr>
<td>10.6 Libertarianism</td>
<td>168</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>11 Equality and Egalitarianism</td>
<td>174</td>
</tr>
<tr>
<td>11.1 Why Equalize?</td>
<td>177</td>
</tr>
<tr>
<td>11.1.1 Equality Is Intrinsically Good</td>
<td>178</td>
</tr>
<tr>
<td>11.1.2 Equality and Priority for the Worst-Off</td>
<td>179</td>
</tr>
<tr>
<td>11.1.3 Intrinsic Connections between Equality and Other Ends</td>
<td>181</td>
</tr>
<tr>
<td>11.2 Equality of What?</td>
<td>183</td>
</tr>
<tr>
<td>11.2.1 Equality of Welfare</td>
<td>184</td>
</tr>
<tr>
<td>11.2.2 Equality of Resources</td>
<td>185</td>
</tr>
<tr>
<td>11.2.3 Equality of Opportunity for Welfare</td>
<td>190</td>
</tr>
<tr>
<td>11.2.4 Equality of Capabilities</td>
<td>191</td>
</tr>
<tr>
<td>11.3 Complex Equality and Equality of Moral Status</td>
<td>192</td>
</tr>
<tr>
<td>11.4 The Measurement and Importance of Inequality</td>
<td>195</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Justice and Contractualism</td>
<td>198</td>
</tr>
<tr>
<td>12.1 The Social Contract Idea</td>
<td>199</td>
</tr>
<tr>
<td>12.2 Justice as Reciprocity: Rawls's Theory of Justice</td>
<td>201</td>
</tr>
<tr>
<td>12.2.1 Contractualism and the Original Position</td>
<td>202</td>
</tr>
<tr>
<td>12.2.2 Rawls's Principles of Justice</td>
<td>203</td>
</tr>
<tr>
<td>12.2.3 Implications of Rawls's Principles</td>
<td>206</td>
</tr>
<tr>
<td>12.2.4 Justice and Pluralism</td>
<td>207</td>
</tr>
<tr>
<td>12.3 Justice as Mutual Advantage: David Gauthier</td>
<td>209</td>
</tr>
<tr>
<td>12.4 Other Contractualist Views</td>
<td>211</td>
</tr>
<tr>
<td>12.5 Conclusion: Social Contract Reasoning and Economics</td>
<td>212</td>
</tr>
</tbody>
</table>

### IV Moral Mathematics

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 Social Choice Theory</td>
<td>217</td>
</tr>
<tr>
<td>13.1 The Social Welfare Function and Arrow's Theorem</td>
<td>217</td>
</tr>
<tr>
<td>13.2 The Interpretation of Arrow's Theorem</td>
<td>220</td>
</tr>
<tr>
<td>13.3 Social Choice Theory and Moral Philosophy</td>
<td>222</td>
</tr>
<tr>
<td>13.4 The Paradox of the Paretian Liberal</td>
<td>225</td>
</tr>
<tr>
<td>13.5 The Range of Social Choice Theory</td>
<td>228</td>
</tr>
<tr>
<td>13.5.1 The Logical Coherence of Social Judgments</td>
<td>228</td>
</tr>
<tr>
<td>13.5.2 Formal Representations of Freedom and Opportunity</td>
<td>228</td>
</tr>
</tbody>
</table>
## Contents

13.5.3 Should Egalitarians Aim to Equalize Welfare? 230
13.6 Conclusions 232

14 Game Theory 234
14.1 What Is a Game? 234
14.2 Moral Philosophy and Some Simple Games 239
14.3 Cooperation and Justice 243
14.4 Paradoxes and Difficulties 245
14.5 Bargaining Theory and the Social Contract 251

CONCLUSIONS 257

15 Pollution Transfers and School Vouchers: Normative Economics Reconsidered 259
15.1 Do Vouchers and Pollution Transfers Make People Better-Off? 261
15.2 A Utilitarian Perspective on Pollution Transfers 265
15.3 Other Ways of Evaluating Vouchers and Pollution Transfers 267
  15.3.1 Rights, Freedoms, Pollution, and Vouchers 267
  15.3.2 Equality, Pollution, and Vouchers 268
  15.3.3 Justice, Pollution, and Vouchers 269
15.4 Conclusions 272

16 Economics and Ethics, Hand in Hand 274
16.1 Involuntary Unemployment and Moral Baselines 274
16.2 The Overlapping Generations Example 278
16.3 Pressing Problems 279
  16.3.1 Ethnic and Religious Conflict 281
  16.3.2 Global Inequalities 283
  16.3.3 Environmental Protection and Global Warming 285
16.4 Conclusions 289

A.1 Objection 1: Economists as Engineers 292
A.2 Objection 2: Positive Economics Is Value Free 295
  A.2.1 Positive and Normative Economics 296
  A.2.2 On the Independence of Ethics and Economics 297
A.3 The Rationality of Normative Inquiry 297
A.4 How Knowing Ethics Contributes to Positive Economics 299
A.5 Conclusions 306

Glossary 309
References 315
Index 335
Preface

This book is a heavily revised and retitled version of Economic Analysis and Moral Philosophy. We added “Public Policy” to the title to emphasize the relevance of this book to policy questions. The book is a descendant of a survey essay, “Taking Ethics Seriously: Economics and Contemporary Moral Philosophy,” which we published in the July 1993 issue of the Journal of Economic Literature. Though now dated, that survey essay may still be of use to readers for its extensive references to relevant literature. We would like to thank John Roemer for commissioning that essay and for the detailed criticisms he offered of several drafts. Others who were of tremendous help with the first edition were Richard Arneson, Henry Bruton, Nancy Cartwright, Marc Fleurbaey, John Kautsky, Eric Kramer, Philippe Mongin, Amartya Sen, Julius Sensat, Max Steuer, Hamish Stewart, Alain Trannoy, Gordon Winston, students at Williams College and the London School of Economics, and anonymous referees. Harry Brighouse, Henry Bruton, Lester Hunt, Andrew Levine, Patrick McCartan, Jonathan Riley, David Ruben, Larry Samuelson, and Daniel Wikler read drafts of chapters of the first edition and offered valuable assistance. The research and writing of the first edition were supported by a collaborative research grant from the National Endowment for the Humanities, and Hausman also gratefully acknowledges the support of a Vilas Associate award from the University of Wisconsin, Madison.

Since philosophical reflection on ethics continues apace, as does the development of economic concepts and tools that may be of use to moral philosophers, we thought that a new edition was called for. Although we have preserved the overall structure and many of the specific analyses, distinctions, and arguments of the first edition, we have brought the discussion up to date and added examples that we hope will further illuminate the issues we discuss. We aim to reach a large audience of those interested
in economics and policy analysis, and we have tried to avoid unnecessary jargon and complexities.

In preparing this revised edition, we were aided by and would like to thank Elizabeth Anderson, Mavis Biss, Richard Bradley, Harry Brighouse, Michel De Vroey, Jeffrey Friedman, Francesco Guala, David Hausman, Joshua Hausman, Bernd Irlenbusch, William Jaeger, Philippe Mongin, Colin Patrick, David Schmitz, Russ Shafer-Landau, William Thomson, Peter Vanderschrafft, Joel Velasco, and David Zimmerman for detailed criticisms and suggestions for improvement. Marc Fleurbaey read the entire manuscript and offered extensive and insightful comments. Colin Patrick did a wonderful job preparing the index, and Matt and Vickie Darnell did a superb job copy-editing and typesetting this book. Over the years we have received a good deal of correspondence with suggestions for improvements in the book, and we apologize to those whose help we may have forgotten to acknowledge.