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Zuckerman's Dilemma

An Introduction

Many of us recall from childhood – or from reading to our own children – E. B. White's story of the spider Charlotte and her campaign to save Wilbur, a barnyard pig.¹ Charlotte wove webs above Wilbur's sty proclaiming the pig's virtues in words – “TERRIFIC,” “RADIANT,” and “HUMBLE” – she copied from newspaper advertisements salvaged by a rat named Templeton. Wilbur, Charlotte wrote in her web, was “some pig.” He won a prize at the fair. Moved by these events, Zuckerman, the farmer who owned Wilbur, did not slaughter the pig for Christmas dinner. Charlotte saved Wilbur's life.

“Why did you do all this for me?” the pig asks at the end of *Charlotte's Web*. “I don't deserve it. I've never done anything for you.”

“You have been my friend,” Charlotte replied. “That in itself is a tremendous thing. I wove my webs for you because I liked you. After all, what's a life, anyway? We're born, we live a little while, we die. A spider's life can't help being something of a mess, what with all this trapping and eating flies. By helping you, perhaps I was trying to lift up my life a little. Heaven knows, anyone's life can stand a little of that.”²

Three Kinds of Judgments

In the following chapters, I want to call attention to a distinction between three kinds of judgments. First, we make judgments as individuals about what is good for or benefits us. For example, Charlotte could tell which flies were the tastiest, and she trapped those she wanted

the most. Wilbur wondered, in this context, why Charlotte chose to save his life, since he could do nothing to benefit her or make her better off.

Second, we form judgments about what is good in general, right as a matter of principle, or appropriate in view of a particular situation. Charlotte thought it morally better that Wilbur live out his life in peace than show up with an apple in his mouth at Christmas. She valued Wilbur's friendship as a good thing in itself, and she recognized the obligations and responsibilities friendship creates.

Third, we make aesthetic judgments about what is beautiful or is worth appreciating and protecting for its expressive, symbolic, and formal properties. In describing Wilbur as "some pig" and in other ways lauding his aesthetic qualities (his intelligence was not much to speak of), Charlotte convinced Zuckerman to spare Wilbur for his intrinsic qualities rather than to slaughter him to provide ham for Christmas dinner.

Judgments of the first kind – those we make in view of our own well-being – answer the question, "What is good for me?" Judgments of the second and third kinds – moral and aesthetic judgments – answer questions such as, "What is good or right in view of the situation?" and "What is wonderful or beautiful because of its intrinsic properties?" These kinds of questions turn not on judgments about what is good for the individual but on judgments about what is good in general, good from the perspective of the larger community, or good in itself.

Charlotte formed moral and aesthetic judgments about almost everything except flies. She apparently cared about flies solely on the basis of the good they did her. She dealt with most other creatures, such as Wilbur, with respect and appreciation. Her idea of what is valuable went far beyond what she thought enhanced her well-being.

In this book, I shall assume – and sometimes argue – that there is an important difference between saying that something is *good for me* and saying that something is *good in itself*, *good from the point of view of the world in general*, or *good because of its intrinsic qualities*. I shall take it as a premise that in our political lives we do not pursue merely private conceptions of *the good life* but also public conceptions of *the good society*. We are not concerned only about the way a social decision or outcome affects us. We are also concerned with whether the decision or outcome is right,

fair, or good in view of values or reasons we believe carry weight with society as a whole.

We can assume that the individual is the best or the most legitimate authority, except in special cases, about what is good for her or him.³ I do not challenge, then, the assumption of welfare economics “that individuals understand fully how various situations affect their well-being and that there is no basis for anyone to question their conception of what is good for them.”⁴ Judgments about what is good in itself or good from the perspective of a larger social community, in contrast, depend on deliberative political processes that reflect the force of the better argument. Some may believe that a society that maximizes utility – whatever that means – has found the right direction. Others may support opposing principles, for example, that society ought to pursue justice, end discrimination, promote education and the arts, and so on. In this context, society is concerned with resolving contradictions in public opinion, not conflicts of private interest.

Welfare Economics and the Public Interest

A democracy is constantly seized with disputes that reflect disagreements in moral or aesthetic attitudes – differences in conceptions of the public interest. Moral and aesthetic questions in the news include, for example, whether to permit abortion, pursue policies of affirmative action, allow physician-assisted suicide, fund religious groups to provide public services, enable single-sex marriage, assist those with disabilities, engage in preemptive military action, legalize marijuana, condone certain kinds of genetic and reproductive research and technology, support the sciences and arts, and so on. Debates over these questions reflect disagreements about the principles we should respect as a society – not differences about how to achieve an agreed-upon goal, such as welfare-maximization. To be sure, politicians ask if you are better off than before, but they also ask whether as a society we are going in the right direction.

For the welfare economist, society is going in the right direction only if its policies “depend solely on concerns for human welfare.”⁵ Human welfare “is presumed to be a function of individuals’ well-being,” which, in turn, is determined by “relying on individuals’ existing preferences, as revealed by their behavior.”⁶ That social policy

aims at the satisfaction of each and any preference, taken as it comes on a willingness-to-pay (WTP) basis, is the essential thesis of welfare economics and its subdisciplines, including environmental economics. Social policy, on this view, should act as a prophylactic on a free market, correcting it when it fails – as it often does – to allocate resources to those who value them most in the sense that they are willing to pay the most for them. The goal of social policy would be to emulate the outcome of a competitive market, in other words, the goal of economic efficiency.

In fact, society does support the satisfaction of certain kinds of preferences, for example, those that involve educational, religious, eleemosynary, and health-related activities. Society taxes and otherwise discourages other preferences, for example, those that involve smoking, gambling, prostitution, and the use of illicit drugs. A libertarian typically argues that the government should give people the widest freedom to satisfy their own preferences, whatever they may be, as long as they respect the rights and freedoms of others. This does not imply, however, that the satisfaction of preference is the business of the government. The libertarian sees nothing but trouble in the power of bureaucracies to second-guess market outcomes in the name of economic efficiency.

Consider, for example, Janis Joplin's famous prayer, "Lord, won't you buy me a Mercedes Benz?" Perhaps the good Lord feels a responsibility to satisfy this preference, but why should the government? Having a preference gives the individual a reason to try to satisfy it, and he or she should be free to do so under rules that are convenient, efficient, and fair. This does not explain, however, why social policy has the task of satisfying preferences ranked by WTP and taken as they come.

Economists should say why society should make preference-satisfaction a goal. To refer to "welfare" or "well-being" is not to answer but to dodge this question, if these terms refer to nothing and mean nothing at all other than "preference-satisfaction."

Microeconomists, as we shall see, propose that WTP – rather than argument, deliberation, or reflection – can adjudicate questions of environmental and other social policy. The use of WTP or utility "to measure preferences can be applied quite generally," three economists explain. "Utility or preference exists for any activity in which choice is involved, although the choices may themselves involve truth, justice,

or beauty, just as easily as the consumption of goods and services.”⁷
Louis Kaplow and Steven Shavell, in a recent book, similarly state:

The notion of well-being used in welfare economics is comprehensive in nature. It incorporates in a positive way everything that an individual might value – goods and services that the individual can consume, social and environmental amenities, personally held notions of fulfillment, sympathetic feelings for others, and so on.

According to the welfare-economic approach, I am able to state an objective thesis – rather than express a subjective want – when I say that environmental policies should be assessed exclusively in terms of their effects on the well-being of individuals. If I defend an opposing principle, for example, that we should protect species to honor God’s creation, my statement is irrelevant to policy except insofar as it expresses a welfare-related preference. “The hallmark of welfare economics is that policies are assessed exclusively in terms of their effects on the well-being of individuals. Accordingly, whatever is relevant to individuals’ well-being is relevant under welfare economics, and whatever is unrelated to individuals’ well-being is excluded from consideration under welfare economics.”⁸

When Kaplow and Shavell argue that social policy should be assessed solely on its effect on the well-being of individuals, they state a judgment or thesis they expect to be considered and accepted on its merits. They do not believe that this preference about the goal of social policy is to be assessed in terms of how much they are willing to pay for it. What would they say about the views, judgments, arguments, and positions of those moral philosophers, policy analysts, and others who disagree with them? There are two ways welfare economists may respond to these opposing opinions. First, they may regard them as subjective preferences for some “intangible,” “soft,” or “nonuse” value for which advocates may be willing to pay. Second, if these opinions do not reflect the welfare effects of a given policy, Kaplow and Shavell dismiss them as irrelevant. They state that under welfare economics, “philosophers’ or policy analysts’ views . . . are irrelevant.”⁹

In this book, I shall emphasize the extent to which disagreements about environmental policy arise from differences in principle, that is, differences in the general rules people believe should govern social policy. The principles that underlie and justify environmental law rarely if ever embrace the efficiency norm. For example, pollution

control law, as I shall argue, responds to the widely held principle that people should be free from unwarranted coercion. I shall propose, in any case, that society regulates pollution as a kind of trespass or tort – a sort of assault – not as a market externality or social cost. If some pollution has to be permitted to keep the economy running, it should be tolerated as a necessary evil, not welcomed as a welfare-enhancing utilization of resources.

Environmental law expresses a respect for nature as well as for persons. In one survey, 87 percent of the public agreed with the statement, “Our obligation to preserve nature isn’t just a responsibility to other people but to the environment itself.”¹⁰ Biologist Michael Soule has stated that the “most fundamental postulate” that motivates scientists like himself is that “*biotic diversity has intrinsic value*,” irrespective of its instrumental or economic worth. Other biologists have argued that a “quasi-religious” view of the value of the environment impels them to revere and therefore to study the natural world.¹¹ In emphasizing the intrinsic value of biodiversity, these biologists do not implicitly accept but explicitly reject well-being – whatever that concept means – as the principal *desideratum* of endangered species policy. Views such as these have to be considered on their merits, not dismissed as irrelevant or treated as indicators of utility.

Demands people make to benefit themselves, such as consumer demands, conflict in the economic sense that there are not resources enough to satisfy all of them. Differences in what we believe we care about as a society present contradictions that would remain even if resources were infinite. For example, people would disagree about the morality of capital punishment even if there were plenty of rope to hang everybody. Sorting out by deliberation our moral intentions, aesthetic judgments, and spiritual commitments as a society is basic to making environmental policy. The satisfaction of preferences per se – “all this trapping and eating flies” – is hardly the principal purpose or policy goal of a civilized society.

Value in Use and in Exchange

Although I want to emphasize the importance of ethical and aesthetic judgments in justifying environmental policy, I do not mean to dismiss consumer preferences, that is, preferences that reflect what the

individual believes is good for her or him. I will emphasize, however, that value of this kind – economic value – can be construed in two quite different senses. For example, Zuckerman understood that Wilbur could serve him either by providing the Christmas ham or by fetching a good price at the marketplace. In this book, I shall conceive of economic value in these two ways. A good can be valuable economically for the benefit it provides or because of the money it fetches in a market.

Adam Smith explained the concept of economic value in terms of these two different meanings – either “the utility of some particular object” or “the power of purchasing other goods which the possession of that object conveys.” Smith called the first sort of value – the benefit or utility an object provides – “value in use.” He called the buying power associated with owning an object – its price – “value in exchange.”¹²

In this book, I shall argue that value in exchange (price) can be observed in a way that value in use (benefit) cannot. To find the price of a Christmas ham, one checks the advertisements. How can an economist measure the benefit a Christmas ham provides? I shall contend that economic “valuation” (as it is called) cannot venture much beyond price or value in exchange. Economists have no plausible way to measure – or to adjudicate conflicts that arise between attempts to measure – value in use or benefit.

Adam Smith thought that economic science does not and cannot measure benefit or value in use but focuses on the “principles which regulate the exchangeable value of commodities.”¹³ Economists may analyze the conditions that account for exchange or “marginal” value, in other words, the prices buyers of the next units of a good pay sellers who compete for their business. This amount – the price of a good – is set largely by competition on the supply side and thus may not tell us much about consumer benefit. I shall argue (as Smith does) that economic science may help us to understand the conditions that determine value in exchange, but it cannot measure the benefit, value in use, or the utility an object provides.

One of the principal goals of environmental economics today – an effort that receives large amounts of public research support – is to measure the benefits of environmental improvements. This book argues that research aimed at measuring value in use rather than value in exchange should not be attempted because it cannot succeed.

In subsequent chapters I shall argue, moreover, that terms fundamental to the theory of environmental economics, such as “benefit,” “preference,” and “willingness to pay,” refer to conceptual constructs that – unlike market prices – cannot be observed or measured. These terms have no meaning or referent outside of the tautological and circular formulas of the theory of welfare economics. To be sure, the prices people actually pay for goods can be observed and measured. If competition drives these prices down to producer costs, as is often the case, these prices do not measure consumer benefits.

We observe that people in general pay and seek to pay the lowest prices they can conveniently find. These prices vary with market conditions, especially production costs, and offer no reliable basis for assessing the utility or benefit goods provide. People are said to be “willing to pay” – whatever that means – an amount equal to the benefit or utility they expect a good to provide. The thesis that goods should be allocated to those willing to pay the most for them because this maximizes welfare – when WTP is the measure of welfare – is then tautologically true. This principle draws as perfect a circle on earth as can be found in Heaven.

I shall argue that the immense effort economists have invested over decades in trying to measure the benefits of environmental resources and services has resulted and can result only in confusion. This book will argue that there is no need to measure environmental benefits anyway. Insofar as the goals of environmental policy can be construed in economic terms, cost-benefit analysis could arguably be helpful. Cost-benefit analysis, however, relies on market (or “shadow” market) prices, not maximum WTP. The kind of maximum WTP that is stipulated to be equal to utility is not required for or relevant to cost-benefit analysis, which is defined on market prices.

The Varieties of Goodness

This book describes three ways people find value in the natural environment. First, we *use* nature: it serves our needs and wants. Second, we *respect* nature: it commands our moral attention and loyalty. Third, we *appreciate* nature: it is the object of aesthetic admiration and wonder.

Welfare economics presupposes an instrumental conception of value – that nature is valuable only as a means to the end of

well-being, defined as the satisfaction of preferences. The goal of social policy on this view is to raise the level of welfare – or to maximize the social aggregate of utility – as much as resources allow. From this perspective, individuals (other than economists) are not thought to have views, beliefs, or ideas worth considering on the merits. Rather, individuals are seen as locations where preferences – or WTP to satisfy them – can be found.

In *Charlotte's Web*, Templeton embodies the welfarist point of view. He exemplifies the individual who is the best judge of how well off he or she is in a given situation. Ask him to do a favor, and he will ask what you will do for him in return. Near the end of the book, for example, Wilbur needs Templeton's help to save Charlotte's egg-sac. In exchange for climbing a wall to retrieve the sac, the rat exacts a promise from Wilbur to feed him the best morsels from his trough. Templeton supposes that the more he acquires of the things he wants, the happier he becomes; as a result of this assumption, he is always miserable. He does not think of himself as a citizen of a barnyard community, bound by its norms or responsibilities. E. B. White observes, "The rat had no morals, no conscience, no scruples, no decency, no milk of rodent kindness, no compunctions, no higher feeling, no friendliness, no anything."¹⁴

Eban Goodstein, in his textbook on environmental economics, explains that the "consumption of market and nonmarket goods" makes people happy. "The relation between consumption and happiness can be conveniently expressed in the form of a utility function."¹⁵ Templeton, however, was miserable. The most confirmed hypothesis of social science research may be that money does not buy happiness and that the satisfaction of preference has no relation to perceived well-being, once basic needs are met.

The word "satisfaction" in the phrase "the satisfaction of preference" may mean either of two different things. It may mean that a preference is met or fulfilled; in this sense terms, conditions, equations, and predictions may be "satisfied." Second, it may mean that the person who has the preference is content or happy. Satisfaction in the first sense has no known relation to satisfaction in the second sense, once basic needs are met. On the contrary, one should beware of getting what one wishes for. When one has satisfied a preference, one may experience dissatisfaction and disappointment as much as the reverse; as Keats points out in his "Ode on a Grecian Urn," the fun is in the

striving. I shall try to show that normative concepts that occur in welfare economics, such as “welfare,” “benefit,” “utility,” and “willingness to pay,” are little more than stand-ins for each other and have no relation to happiness or any other substantive concept of the right or the good.

We need not think of nature simply as a source of welfare. Rather, we respect nature: we treat it with loyalty, affection, even reverence. In an interview, Tom Finger, a Mennonite, expressed the position of many Americans. “We are exterminating God’s creatures,” he said. “All these nonhuman creatures . . . have a certain intrinsic worth because they are part of God’s creation.”¹⁶ Mr. Finger believed that if God created a species, that is a reason not to destroy it. A society that respects nature, Mr. Finger may reason, is *better* than a society that does not – even if he and other people are not *better off* in an economic sense. As I shall argue in Chapter 3, people act on norms and principles – and this has to be distinguished from seeking to satisfy preferences. Moral duties and religious affections matter. Well-being, however defined, is hardly the only value or goal or principle that informs environmental policy.

The ethical good directs attention to the object itself, not to the use to which it is put; unlike the instrumental approach, it engenders loyalty, love, and respect. Many of us think of nature as a kind of mother – one at least as fierce as Charlotte was in her way – and therefore we may recognize an obligation to care for whatever is left of it. Affection and loyalty often embrace particular places, the historical characteristics of which people have come to cherish. The love of place is called “topophilia,” and the love of nature “biophilia.”¹⁷ Wilbur thought his barn was the best place – “this warm delicious cellar, with the garrulous geese, the changing seasons, the heat of the sun, the passage of the swallows, the nearness of rats, the sameness of sheep, the love of spiders, the smell of manure, and the glory of everything.”¹⁸

We also *appreciate* nature: we admire its aesthetic properties. We find value in nature as an object of knowledge and perception. This is the aesthetic good.¹⁹ Aesthetic judgments cannot be reduced to what the individual happens to desire or prefer. Rather, even if people desire or admire an object or action, they should still ask whether it is desirable or admirable. Aesthetic judgments, like moral ones, are open to criticism and correction; in this regard, they have a public dimension. The aphorism “*de gustibus non disputandum*” reminds us