

What are the ethics of welfare economics? And, are welfare economists utilitarians?

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Abstract Four questions: (1) What is welfare economics? (2) Is it an ethical system? (3) How do welfare economists differ from one another? And (4), how do they differ from other economic ethicists? Then utilitarianism is discussed. I was taught, and have inferred to others, that welfare economists are utilitarians. They are not. Welfare economics is an atypical form of *welfare consequentialism*: consequentialist in that whether an act or policy is right or wrong is a function of only its consequences—the adjective “welfare” because the only consequences that matter are the welfare (well-faring) consequences. Most welfare consequentialists are neither welfare economists nor utilitarians. And, most moral philosophers are not welfare consequentialists—neither are most normal folk.

Keywords Welfare economics · Utilitarianism (Benthamite, act, rule, and preference) · Welfare consequentialism (WC) · Well-being (WB) · Emotional WB · Life-satisfaction WB · Preferences · Interests · Impartiality · Fairness · Justice · Loyalty · Holiness · Jeremy Bentham · John Harsanyi · Peter Singer

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Two excellent reviewers forced me to think critically and in new ways, and to produce a better product. Thank you. Any remaining errors of logic or scholarship reflect my deficiencies. The subject is like peeling a Sisyphean artichoke: below every layer is another, and with disagreement at every level. “The struggle itself ...is enough to fill a man’s heart. One must imagine Sisyphus happy” (Camus 1942, translation 1955).

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1 For sake of argument, assume welfare economics is an ethical system that tries to answer the question of whether an action is right or wrong

Whether it is, of course, depends on how one defines both terms. This first section starts with a definition of an ethical system. In the words of John Stuart Mill, an ethically system is simply “a method to test right from wrong.” Quoting from the JEL article *Taking Ethics Seriously*, Hausman and McPherson (1993).

Welfare economists have sometimes thought that their techniques are virtually morally neutral, because they rest on innocuous and uncontroversial moral premises such as the Pareto principle. But the standard definition of a social optimum compares social alternatives exclusively in terms of the goodness of their outcomes (rather than the rightness of their procedures) and identifies the goodness of outcomes with satisfaction of individual preferences. These commitments to value only outcomes and to measure outcomes only in terms of individual utilities are neither neutral nor uncontroversial (see Sen 1979, and Sen and Williams 1982).

For example, that Pareto improvements are always improvements, while obvious to welfare economists, is rejected by, and inconsistent with, most other ethical criteria such as virtue ethics,¹ Kantian and other duty-based ethics, ethics based on religion (sins are wrong, no matter how they affect well-being, WB), rights theory, and ethical systems that judge acts right or wrong based fully, or in part, on process and intent. John Rawls (1971) rejected it, arguing that increasing the WB of the better off at no cost to the worst off is not right. Pareto improvements, an objective inconsistent with most moral objectives, is a moral objective.

“A moral principle can be viewed as a requirement to exclude the use of certain types of information in making moral judgements” (Sen and Williams 1982). Looking ahead, welfare economics excludes from moral consideration the specifics of the act, its cause, and the intent. It also excludes from moral consideration how a policy or act affects individuals who are not members of society. Also, it assumes that my behavior and choices are right for both me and society if they don’t affect others. Besides, “they [welfare economists] are [always] ready with advice on how to make life better” (Hausman 1998).

So, my view is that welfare economics is an ethical system: put simply, the moral objective is to maximize some aggregation of everyone’s WB (welfare), the aggregation over only members of society.² Many economist ethicists are welfare

¹ Adam Smith was a virtue ethicist (McCloskey 2008) who suggested two guides for behavior: rules against really bad acts (killing, raping) and virtue for everything else (Smith 1767 and Fleischacker 2013). He thought the morality of an act depended on both the intent and the consequences, but if the intent was virtuous, the behavior is good, unless, of course, the outcome is disastrous. Virtue (“proper gratitude, kindness, courage, patience, and endurance”) results from empathy for others, our sympathy of others—our “moral sentiments”. Smith was not a welfare economist.

² A different, and reasonable, view is that welfare economic is not an ethical system, but that welfare-economic analysis is a valuable tool for moral philosophers because it shines a harsh light on consequences, forcing one to compare consequences. Quoting a referee, “So maybe a necessary stage of moral decision making should be the rigid consequentialist phase: just stop and consider this apart from everything else.” But, if one takes this view, one cannot distinguish right from wrong policies based on welfare economics.

economists—but not all are. But, at this point, caution is in order because I have not fully articulated welfare economics.

An action could be the action of an individual (her behavior) such as her eating peanuts, smoking in a crowded room, or driving drunk, or a government policy such as going to war or using taxation to redistribute income from the poor to the rich, or a tax on carbon emissions. Since economists think on the margin, the welfare-economic question is typically not whether the action is right or wrong but what is the right amount—what are the right amounts of chocolate and global warming?

My first inclination was to use the words “good” and “bad” actions, but will instead use “right” or “moral” and “wrong” or “immoral” as in “morally right” and “morally wrong.” The words “good” and “bad” are used in many ways, so easy to misinterpret. Sound good? Morally right sounds pretentious but is clearer. Morally wrong means it should not happen for moral reasons.

Welfare economics can, in theory, judge, using its criteria, whether any action is right or wrong, but often cannot in practice. This is true of many ethical systems. In practice, policy makers are lucky when an ethical system gives us an indication of whether a specific action is right or wrong. Looking ahead, some readers will disagree with my characterization of welfare economics, citing examples of individuals who self-identify as welfare economists but who would disagree with my characterization of it. This is OK: the objective is not for you to agree or disagree with what I think welfare economists agree on; an objective is to evaluate the assumptions they make, and to consider whether utilitarian is the best word to characterize their ethics.

An important thing to know about welfare economics is that most moral philosophers reject it as a criterion to parse right from wrong, most people do. More on this but only after we list some of its commonalities. [Section 7 reviews research on the moral judgment of regular people]. While many moral philosophers would argue that welfare consequentialism, including welfare economics and utilitarianism, is not the right way to parse right from wrong, my modest intent is to define them in relationship to each other, so the reader can judge. [My opinion is unlikely to change many minds. At the request of one of the referees, I will offer a few thoughts in the conclusion.] Only after welfare consequentialism and welfare economics are fully articulated, will I address the question of whether welfare economists are best described as utilitarians.

2 Welfare economists are consequentialists, specifically *welfare consequentialists*

Welfare consequentialism (hereafter “WC”) was defined in the abstract; here it’s articulated in more detail. Welfare economists share WC with Benthamite utilitarianism, but not with many modern utilitarians; but, more on that later. In terms of organization, this section, and the next, identify welfare economics as a type of WC: shifting back and forth between WC (the general category) and welfare economics

(an atypical type).³ The next section lists major concerns about WC as a criterion for parsing right from wrong: many/most moral philosophers reject WC. Even many modern welfare consequentialists reject the assumptions of welfare economics (e.g., the Canadian philosopher L.W. Sumner (1996) and the Oxford philosopher John Broome).

After laying out these distinctions, I return to the relationship between welfare economics and utilitarianism. Looking back, and ahead, Benthamite utilitarianism was the original manifestation of WC, but it is inconsistent with welfare economics, and it is neither the face of modern WC nor modern utilitarianism.

Like economic theories of choice, there is no one set of assumptions that all welfare economists agree to, but they are all *consequentialists* in that whether an action is right or wrong depends only on its actual consequences, the intent of the actor is immaterial, so is what we thought the consequences might be.⁴ Consider the rape of Lucretia by Tarquin at the end of the sixth century B.C. (Tarquin was the son of Rome's last king), also the recent, and alleged, rapes by Harvey Weinstein. Lucretia killed herself; Shakespeare wrote a poem about it; both events were memorialized by Titan and other Renaissance artists. The citizens of Rome were so upset they overthrew the king and founded the Roman Empire; so, the overall effect was, for Romans, WB increasing—but a consequence of a rape. If the alleged actions of Weinstein lead to less sexual harassment and fewer rapes (we will see), a welfare consequentialist could/would argue that his actions led to an increase in overall WB, even though his motives were objectional, and his victims suffered greatly. For welfare consequentialists, the same action can be right in some circumstances and wrong in others: it is determined by the consequences of the act, not the act itself. Additional names that come to mind when one thinks of modern welfare consequentialists include the UMass philosopher Fred Feldman, and the Yale philosopher Shelley Kagan.⁵

Most people are not consequentialists; while they care about consequences, they also care about why and how it happened (the process), so care about intentions, virtues, duties, commitments, and rights. There are famous economist ethicists who have articulated theories of right and wrong who are neither welfare economists nor welfare consequentialists [e.g., John Rawls (1921–2002)⁶ and Amartya Sen] as I am defining these terms.⁷

Since welfare economists care only about WB, the only consequences that concern them is how the act affects the WB of those individuals that matter—the only consequences that matter are the welfare consequences—so they are welfare consequentialists.

³ Since welfare economics is a subset of WC, if one rejects a tenant of WC one rejects welfare economics, but one could reject welfare economics and still be a WC.

⁴ At the other extreme are *processists* who judge the process that caused the act (e.g. a majority vote), not the consequences of the act. For a summary of consequentialism, see Sinnott-Armstrong (2015).

⁵ Note that Peter Singer, while a consequentialist, is not a welfare consequentialist. Sinnott-Armstrong (2015) identifies Broome, Feldman, and Kagan as welfare consequentialists, but some might disagree with labeling them such.

⁶ For introductions to Rawls, see Wolff (2010) and Wenar (2017).

⁷ It is common to lump together all economists who ask what is the right policy and call them welfare economists, but this is incorrect.

But what is WB? Consider the following standard choice-theory assumption: Experiencing a higher-ranked bundle is better for the individual, from their perspective, than experiencing a lower-ranked bundle. The critical word here is “better,” a better bundle is associated with more betterment/WB, where WB is simply a unit of account to compare better and worse, much like temperature is a unit of account that we use to distinguish between different levels of hotness (coldness). Levels of an individual’s WB could be represented with numbers on a numerical scale, the higher your WB number the better off you are.⁸

[Before proceeding, it is important to distinguish between a ranking of bundles based on betterment and a ranking based on wants/desires. Consider the alternative assumption: *Higher-ranked bundles are more desired/wanted than are lower-ranked bundles; that is higher-ranked bundles are preferred.* I will sometimes use the word *preferred* as an abbreviation for *more desired/wanted*. The two assumptions generate the same ranking only when (1) bundles that are more desired are associated with more WB, and (2) bundles associated with more WB are more desired. Whether these two assumptions hold is an empirical question, but welfare economists (at least most of them) assume this (preferences \leftrightarrow WB), often implicitly. I point out the distinction here for two reasons: (1) If the assumptions hold, and you always choose your highest-ranked feasible bundle, you maximize your WB. And (2), Because some ethicists, including some economic ethicists, specify fulfilling wants and desires as the moral objective, rather than increasing WB. Peter Singer (1997 and 2011) is, for example, in this camp. For clarity, I will exclude these economic ethicists from the roles of welfare economists. I will call them instead *preference-fulfillment consequentialists*].

Table 1 makes the distinction clearer:

Welfare consequentialists are in either I or VII, preference consequentialists in either VII or IX. In VII, preferences \leftrightarrow WB. Welfare economists are a subset of I or VII. Ethical systems in III (e.g., Kantian ethics, will of God) are alien to them, so difficult to get their heads around. Those who care about both process and WB effects are in either II or V depending on whether preferences also matter. As discussed in Sect. 6, many non-philosophers are in II or V, and some religious conservatives would be in IX.

Two properties shared by all welfare economists, but few other welfare consequentialists, including most utilitarians, is that in that in the choice period your ranking of bundles is exogenous, and you must experience your highest-ranked feasible bundle. These standard neoclassical choice-theory assumptions take a major component of most moral philosophies off the table: off is how to act ethically (lead an ethical life). Economicus cannot behave differently than he behaves, so cannot choose to behave more morally.⁹ If my highest-ranked feasible bundle includes bad behavior, I am bad because I’m constrained to be bad. In this sense, welfare economics is

⁸ As noted, economists typically use the word *utility* rather than WB, but it has so many connotations, so I will try to avoid the word.

⁹ If one defines an ethical system solely as personal rules for living more ethically (being virtuous, having empathy, respecting authority, etc.) welfare economics is not an ethical system. Looking ahead, most welfare consequentialists embrace the possibility that you can choose to act differently than you do.

Table 1 Different ethical systems in terms of whether preference fulfillment or WB are determinants of right from wrong

	Welfare consequentialist: WB effects are the only determinant	WB matters, but WB effects are not the sole determinant	WB effects play no role in determining
Preferences fulfillment plays no role in determining	I:	II:	III:
Preference matter, but preferences fulfilled are not the sole determinant	IV: empty (if WB effects are the only determinant, preferences can't be a determinant)	V:	VI.
Preference-fulfillment consequentialist: preference fulfillment is the only determinant	VII: preferences \leftrightarrow WB	VIII: Empty (if preferences are the only determinant, WB can't be a determinant)	IX:

a unique ethical system: making me live a more ethical life can only be achieved by the State, or some other exogenous agent. They can constrain me act less immorally by, for example, constraining or rewarding me to produce fewer negative external effects.

Welfare economists typically assume (without thinking much about it) that only humans count, but do not have a criterion for determining which individual humans matter/count. They don't justify or explain why only humans count. This contrasts with other welfare-based ethical systems which morally assert and defend criteria such as *all individual who can feel pain should count*, or *all sentient individuals should count*. Welfare economists, when doing applied welfare economics, typically accept their employer's definition of who counts.¹⁰ Not surprisingly, what is right or wrong often comes down to who counts. A big issue is whether future humans count and, if so, how much relative to us. The issue of future humans is further complicated because current humans influence the number future humans. Within WC, welfare economics is typically the most restrictive in terms of who counts (Fig. 1).¹¹

Welfare economists agree that the only important consequence of an act is how it affects the WB of society, which is a function of, and only a function of, the WB of each member of society. Let's call the WB of society *social WB*. Actions that increase social WB are right and those that decrease it are wrong, and actions that increase social WB more are morally preferred. In addition, they impose the Pareto criteria on the function.^{12,13}

Think what WC implies about a voluntary trade: if you assume the WB of the seller and buyer are both increased by the trade, and if the production and consumption of what is traded decreases no other individuals' WB, the trade is, by assumption, necessarily moral. This trade could even be moral if it makes third-parties worse off, if they are not made too worse off.

A complication for welfare economics, and all other ethical systems where WB matters, is most actions increase the WB of some individuals while decreasing the WB of others, so are neither Pareto improvements nor Pareto deteriorations. So, to determine how an action affects social WB requires that you determine how the

¹⁰ For years I worked with NOAA and the U.S. Justice Department estimating the dollar damages associated with environmental injuries resulting from oil spills, mine tailing, and toxic wastes. Making me, and the many economists I worked with, prime examples of a welfare economist. Damages to non-citizens, and damages to future citizens are not included in the assessment of damages, nor are damages to other species. However, if I were valuing the damages from emissions in Paris, I would accept the dictate to only estimate damages to the French.

¹¹ One could be a welfare economist (an unusual one) and include everything that can feel pain, or everyone sentient.

¹² Interestingly, any policy can be made a Pareto improvement simply by banning the losers from the roles of society—and it is difficult argue that who counts, and who doesn't, is not a moral judgement.

¹³ Vilfredo Pareto (1848–1923) in his later years, frustrated with how mathematical economics theories failed in the real world, turned to sociology. He came to believe that men act non-logically “but they make believe they are acting logically”—he could have been a twenty-first century psychologist.

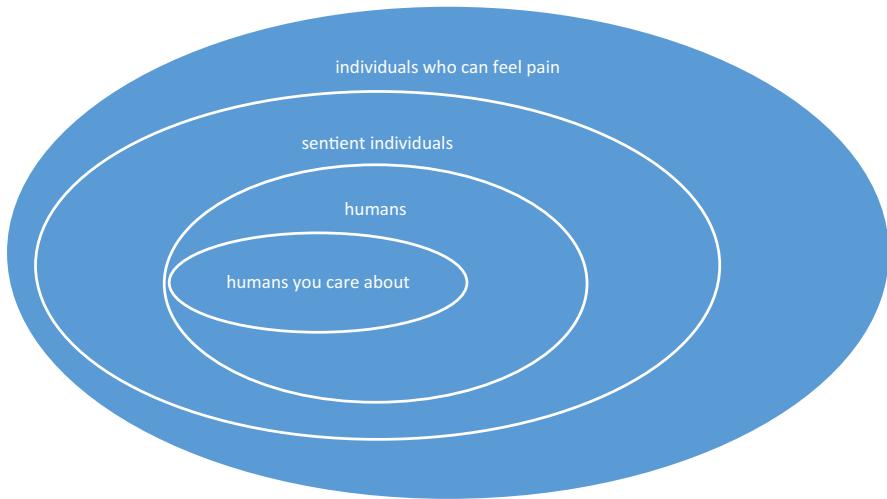


Fig. 1 Individuals—who counts?

action affects every individual's WB, and, in addition, you have a method for comparing WB losses and gains across members.

With respect to how an action affects your WB, welfare economists assume you personally can always compare the value of all things—all values you experience are commensurable from your perspective. Commensurable means the rate at which any individual would substitute one value for another is always specifiable (it could be infinite). Said another way, everything can be expressed in terms of the same measure of value: value only has one dimension. Examples of commensurability include: I would give up my friendship with George for two apples, my friendship with Phil for five apples, and for no finite number of apples would I give up Wanda. And, I would give up my right to free speech for the freedom to do whatever else I please, but I would not give up free speech for 12 ice-cream cones. Having a ranking of bundles means you know the rate at which you would trade anything for anything else, be it friends, liberty, or cheeseburgers; it is implied by the choice-theory assumption that the individual can rank all bundles. If you believe that value is a multidimensional concept, and value on a dimension cannot always be compared to value on another dimension, you believe there are incommensurables, which is what Aristotle believed, what many modern philosophers (e.g., Nussbaum (2012)—what many people seem to believe.¹⁴

Above I mentioned rights (as in the right to free speech, or the right to vote). Many people believe in inalienable rights, and if you have the right to do something, it is morally wrong (according to Rights Theory) for me to interfere with your

¹⁴ See Hsieh (Spring 2016) and Morey (2017a) for arguments for and against incomparability of bundles, and the incommensurability of values.

ability to exercise that right (your right is a constraint on me). Welfare economists, being consequentialists, do not recognize inalienable rights; they might, for example, talk about the right amount of free speech in the same way they talk about the right amount of pollution. Welfare economists who advocate for property rights do so only because they believe that having and enforcing property rights will increase social WB.

Quite importantly for policy, honest welfare economists agree that increasing efficiency is neither necessary nor sufficient to increase social WB—an action is efficiency increasing if the gain to the gainers is, in money terms, large enough so that the gainers could compensate any losers for their loss, and still be gainers. (The compensation does not have to occur for the action to be efficiency increasing.) Said another way, an increase in net real wealth (in \$) does not imply social WB has increased.¹⁵ money income is not an accurate measure of WB. For measurement sake—but not for any good reason—this is unfortunate since money is easy to count. An example demonstrates that an efficiency might decrease social WB. Donald, a really rich guy, would be willing to pay you \$1000 for a ring you inherited from your mother. You treasure the ring but, since you are poor, would sell it for \$200, so selling it to him for more than \$200 but less than \$1000 would make both of you better off. And, if no one else was affected by the transfer, social WB and efficiency would both increase. However, Donald steals it, saving himself \$200. The stealing is efficiency increasing but does not necessarily lead to an increase in social WB. For Donald, it is an additional trinket, for you a treasure was lost (your WB likely went down more than his increased, causing social WB to decline, if that comparison has meaning). While welfare economists agree on all this, for better or worse—and mostly for trying to be relevant—it is common for talking heads (sometimes those same welfare economists) to misleadingly suggest that more efficient means more social WB.¹⁶ To be clear, some ethicists argue that increased wealth (increased efficiency), not increased WB (aggregate or social), should be the criteria to parse right from wrong—the Federal judge and legal scholar Richard Posner seems to be in this camp—but these ethicists are not welfare consequentialists, they are *wealth*

¹⁵ Note that to correctly measure a society's aggregate wealth one must include many things besides the present value of its GDP stream. For example, increase in pollution or a decrease in a county's natural resource stock both affect its wealth, but neither is included in GDP.

¹⁶ Hotelling (1938) proposed an argument for using efficiency increasing alone as a criterion for increasing social WB: if society invoked a sequence of efficiency increasing policies (ignoring who won and who lost at each step), eventually everyone would end up with more WB. The merit of this argument depends on the questionable assumption that the sequence of efficiency increasing policies has the property that each policy is random in terms of who wins and who loses (Hotelling was clear that one specific efficiency increasing policy would not necessarily increase social WB). But, even if one adopts the assumption of the randomness of who wins and losses, policy to policy, the argument also requires the assumption that the policies tend to be of the same approximate level of magnitude in terms of benefits minus costs, measured in money. For details see Hotelling (1938), Hicks (1941), Little (1950), and Scitovsky (1951).

*consequentialists.*¹⁷ Most academic economists concerned with normative economics are not wealth consequentialists.

3 So much for what welfare economists agree on

Some welfare economists assume, but many do not, that social WB should be the simple sum of the WB of each member of society. I will refer to this simple sum as *aggregate WB*, so when I refer to aggregate WB, I mean the simple sum, and when I refer to social WB, I am referring to the more comprehensive concept.¹⁸ Aggregate WB is invariant to how WB is distributed across society's members; that is, it is impartial to which member generated the WB.¹⁹ If aggregate WB is the moral objective, individuals, as individuals, are unimportant—they are simply containers that generate WB. Many welfare economists are not willing to go this far, wanting to allow the possibility that, for example, the WB of some members should contribute more, or less to social WB; for example, citizens count more than foreigners, or those at the bottom of the WB ladder should count more. And, some of them believe that economists have no expertise in determining what is a fair in terms of the distribution of WB among society's members,²⁰ and, as discussed next, many believe that WB cannot be compared across individuals.

Welfare economists do not all agree on what WB means or how it should be measured.²¹ Some assume WB is simply emotional WB/happiness, some that WB is life-satisfaction WB, some a combination of the two. Some add more components.

In addition, welfare economists differ in terms of whether WB is cardinally meaningful (e.g., for you, level 4 WB is twice as much WB as level 2 WB) or only

¹⁷ Posner (1983) argues that, while wealth and welfare are not the same thing, they are related, and that the goal of increased wealth, as compared to increased welfare, provides an ethical argument for honesty, commitment, etc., because these characteristics decrease the cost of market transactions. (A welfare consequentialist would advocate dishonesty if it would increase social WB.). Posner's view somewhat mimics the Keynesian view that prosperity is better than depression—just because.

¹⁸ As an aside, many welfare consequentialists argue that the most cost-effective way to increase aggregate WB is to decrease suffering, a different, and appealing, perspective.

¹⁹ Consider whether you would choose the maximization of aggregate WB as the moral criteria under two different conditions: (1) you are an *impartial spectator* choosing whether a group should adopt this objective, or (2) you know you will be part of the group (so are not an impartial spectator) but do not know your specific position in the group. The second is referred to as choosing behind a *veil of ignorance*. David Hume (1711–1776) and Adam Smith (1723–1790) considered the impartial spectator: Rawls and Harsanyi the veil. Harsanyi (1977, 1982) argues that an individual whose objective is to maximize his expected WB would, behind the veil, choose maximizing average WB (maximizing aggregate WB). Rawls (1971), making difference assumptions, reaches a different conclusion. So, an impartial spectator might choose maximizing aggregate WB.

²⁰ Non-expertise is commonly stated in introductory microeconomics. For example, “Exactly how far policy makers should go in promoting equity over efficiency is a difficult question that goes the heart of the political process. As such, it is not a question economists can answer” (Krugman and Wells 2014).

²¹ See Morey (2017a, Chapter 4) for a discussion and review of the different ways WB can be defined.

Table 2 Cardinal, ordinal, comparable, incomparable

	WB is comparable across individuals	WB is not comparable across individuals.
For an individual, different levels of WB are cardinally meaningful	Cardinal/comparable	Cardinal/incomparable
Not cardinally meaningful	Ordinal/comparable	Ordinal/incomparable

ordinally meaningful (for you, level 4 is better than 2, but you do not comprehend degrees of betterment).²²

They also disagree about whether your WB is comparable to mine (measureable on the same scale). Incomparable across individuals is a common assumption. Consider four camps of welfare consequentialists: ordinal/comparable, ordinal/incomparable, cardinal/comparable, and cardinal/incomparable (Table 2).

It is difficult for me to get my head around ordinal/comparable (I try below), easiest for cardinal/comparable. If everyone's WB is a number on the same cardinal scale (cardinal/comparable), aggregate WB has cardinal meaning.

Whether betterment has cardinal meaning is an empirical question that is mostly unanswered. Most of us would like to believe that we can comprehend and assess different degrees of our own betterment, but that does not make it so. Cardinal betterment is not required for choice, raising the question of why we would experience betterment cardinally if it has no influence on our behavior.²³ Whether it is possible to compare WB levels across individuals is also, arguably, an empirical question. Most of us assert such comparisons ("I am not as happy as George but am happier than Glen, who is always depressed." Or, "Donald stealing my mother's ring increased his happiness less than it decreased mine."). While, at the same time, admitting that we can't be sure about such comparisons. There are two issues: whether it is meaningful to compare your WB to mine, and, if so, how to do it.

If WB is ordinal/non-comparable, adding WB numbers across individuals makes no sense, but a welfare consequentialist can still ask whether a rule could exist that would take your, mine, and everyone else's ranking of bundles and spit out a ranking of bundles based on social betterment. Ideally, they would want a rule that worked for all possible sets of individual rankings. And, they would probably also want to impose some ethical restrictions on the rule. A common restriction is if everyone ranks bundle X is better than bundle Y, the rule must rank X higher in terms of social betterment. Kenneth Arrow (1961/63) proved that if you imposed this and a couple of other reasonable restriction on the rule, no rule exists that would work for all possible sets of individual rankings (this is Arrow's famous impossibility

²² Complicating further, there are different degrees of cardinality. See Morey (1984).

²³ If going bowling is the best option, it doesn't matter whether the feeling is three times better than the next-best alternative or a smidgen better; either way, you go bowling. In the nineteenth century, choice theory assumed a cardinal ranking. Replacing this assuming with only an ordinal ranking was first proposed by the German economist and mathematician Andreas Voigt in 1893 (Schmidt and Weber (2008), but Voigt has been largely forgotten, and Pareto often gets the initial credit (Pareto 1909). Hicks and Allen (1934a, b) solidified the shift.

theorem). Put simply, if each of us only has an ordinal ranking of bundles, and your ranking is incomparable to mine, for many sets of rankings it will be impossible to convert them into a ranking of bundles in terms of social betterment—if more than a few restrictions are imposed.²⁴

I was surprised to learn that a rule can exist for ordinal/comparable. For example, the following rule from Rawls (1971): Bundle X is socially better than Bundle Y if, and only if, the individual with the least amount of WB given Bundle X has more WB than the individual with the least amount of WB given Bundle Y. (They don't have to be the same individual.²⁵) That is, X is morally preferred to Y, if the worst off is better off with X. The rule is inconsistent with one individual's ranking being the sole determinant of the social ranking, arguably a good thing. It also has the desirable property that how it ranks X versus Y does not depend on what other bundles are feasible (the *independence of irrelevant alternatives restriction*). Despite these desirable properties, Donald, and many others, would not like this rule.

4 WC, including welfare economics, scares many moral philosophers because anything goes if it increases WB

In WC, no acts or behaviors are inherently right or wrong. Lying, for example, is not inherently wrong; in fact, it is right to lie (moral) if the lie increases social WB. The same holds for breaking promises and dereliction of duties. There is no inherent right to free speech or equal treatment under the law. No proscription on racial, cultural, or sexual discrimination. There is no right to liberty, so no restrictions on the amount the government can interfere in your life. For example, since speaking freely increases the WB of those speaking but often decreases the WB of those who must hear it, WC requires some restrictions on speech.

Consider the implications of assuming the sources of an individual's WB are irrelevant for determining right from wrong. Many, but not all, welfare consequentialists make this assumption, including welfare economists. In which case, the

²⁴ Ordinal/incomparable, a main theoretical mantra of much of twentieth century choice theory, leaves welfare economists little to conclude other than Pareto improvements (deteriorations) are right (wrong). Robbins (1938) famously pointed this out. “He maintained that if economics was to have the objectivity of a science, economists may not make interpersonal comparisons and may not, in their capacity as economists, argue for or against any policy or change of policy that would make some people better and others worse off” (Scitovsky 1951). Bucking this ordinal/incompatible trend, numerous Cambridge (e.g. Pigou 1932; Kahn 1935) and some American economists (e.g. Irving Fisher and Frank Knight 1944) continued to advocate, sometimes implicitly, for comparability, arguing that most of us have a similar capacity for WB, such that similar amounts of money generate similar amounts of comparable WB. See Scitovsky for additional details on the varying views on welfare economics in the first half of the twentieth century.

²⁵ Getting technical, with ordinal/comparable WB, WB has no cardinal meaning from the individual perspective. One can achieve comparability across individuals with imposing cardinality by assuming the WB function can only vary across individuals up to the same increasing monotonic transformation. [WB_i^* is an increasing monotonic transformation of WB_i , if $WB_i^* = \varphi_i(WB_i)$ such that the derivative of $\varphi_i(WB_i)$ is positive. Comparability is imposed by the requirement that $\varphi_i = \varphi$ (that it's the same function for everyone).].

pleasure the neighbor kid gets from his mother's love is worth no more, nor less, than the pleasure he gets from torturing cats. My decrease in WB from knowing that people are starving counts for no more than the decrease in WB I might experience from having neighbors who are different from me. Abhorrent to many is that the WB I get from causing others to suffer, or from the misfortune of others, counts as much as the WB I get from helping a friend or loved one.

If the sources of an individual's WB are irrelevant for determining right from wrong—no matter how yucky or irreverent the source, the WB still counts. Looking ahead to an example in a research study discussed later, the pleasure George gets from having sex with a dead chicken he bought at the supermarket, then roasted and enjoyed for dinner, counts. Of course, WC must take account that the WB of others might decrease if they were to know what George was up to.²⁶

If a welfare consequentialist assumes that the sources of an individual's WB are irrelevant and, in addition, assume the moral objective is to maximize aggregate WB, any action that increases aggregate WB is right (morally preferred) no matter how the WB was generated. Start with a simple example from Amartya Sen (1970), an economic ethicist and Nobel laureate, but not a welfare consequentialist. Consider a society of two individuals, Lewd and Prude, where Prude gets WB from denying Lewd a pleasure, and Lewd gets WB from making Prude do something he does not want to do.

Society has to rank three states: (A) no one reads Lady Chatterley's Lover, (B) only Prude reads it, or (C) only Lewd reads it. Prude, being a prude, does not want to read it but prefers he read it rather than Lewd: Prude hates the idea of Lewd enjoying the book. Best for Prude is no one reads the book. Lewd, on the other hand, would enjoy the book, but loves the idea of Prude being forced to read it. No one reading the book is Lewd's worst outcome.

To the discern of many, Prude being forced to read the book might increase aggregate WB: both Prude and Lewd are better off if Prude, rather than Lewd, reads it, and while Prude would have more WB if no one read it, this may be more than offset by the great pleasure Lewd gets from Prude being forced to read it. Objectors, including Sen, would argue that forcing Prude to read a book he dislikes cannot be the moral high ground. In addition, they would object to having to include both the pleasure Lewd would get from Prude being disgusted, and the pleasure Prude would get from Lewd not having the pleasure of reading the book. Shifting examples, the pleasure George gets from living in a neighborhood with only straight, white people might mean keeping others out is WC morally-preferred to an integrated neighborhood.

²⁶ Mill did not specifically discuss chickens, but rejected counting external effect of this sort, providing further evidence that he was neither a utilitarian nor a welfare consequentialist. Reacting to the argument that society can limit drinking simply because it decreases security and weakens and demoralizes society, Mill angrily responded that if this is harm, then we would all, wrongly, have an interest in everyone's "moral, intellectual and physical perfection" (Reeves 2007).

If a welfare consequentialist assumes that the sources of an individual's WB are irrelevant and, in addition, assumes the moral objective is to maximize aggregate WB, WB generated by ignorance counts as much as WB generated by learning. In WC, there is nothing inherently wrong with fake news: it increases the WB of some. There is also nothing inherently right about real news: it decreases the WB of some. The pleasure I get from believing global warming is not real counts on the aggregate WB scale the same as the bump in WB you would get from a great day of skiing or from pulling a drowning kid from a pool.

If one takes WC to the extreme, one can create examples that would make most of us to scream "NO", no to awful acts that could, in theory, be justified by WC. These include torture, racial discrimination, sadistic acts, dictatorial rule, and killing humans or other animals for fun and sport.²⁷ Anything can be morally justified by WC simply by arguing that doing it would increase social WB. Of course, you and I could reject the assumption that the sources of WB are irrelevant, but then we would not be welfare economists. Welfare economists include the negative WB impacts of my actions on others, but would never deem certain sources of my WB as immoral per se. In contrast, John Harsanyi (1920–2000), the 1994 winner of the Nobel in Economics would; he argued that society should, on ethical grounds, exclude from WB pleasures and pains caused by lack of information, misinformation, and morally objectionable rankings (based on racism, sexism, sadism, maliciousness)—rankings that lead people to trample on the dignity and equality of others (Harsanyi 1977, 1982).²⁸ He was not a welfare economist, nor a Benthamite utilitarian. As a Hungarian Jew, in 1944 he worked in a forced-labor unit, escaping from the train at the Budapest station as his unit was being sent to an Austrian concentration camp (Harsanyi 1995).

Consider the implications of adding to WC the welfare economic assumption that everyone maximizes their WB subject to their constraints (there are no WB-reducing choices). This makes, for many, welfare economics even more morally objectionable. More objectionable because the assumption implies it is always wrong to interfere in acts that affect no one other than the actor. You and the government have a moral imperative to **not** intervene when I beat my head against the wall, or drink 12 shots of tequila, or try to commit suicide—unless someone beside me would be negatively affected—a lot. In contrast, a welfare consequentialist who recognizes that some choices reduce WB would be morally compelled to intervene, even if my choice would not decrease anyone else's WB. Most of us believe other people make mistakes, and we are often happy to intervene.

²⁷ Welfare consequentialists tend to argue that while despicable acts could in theory increase WB, this is unlikely in practice when one takes account of those who suffer from despicable acts.

²⁸ An important question is who determines what rankings are immoral. And if, for example, society decides a ranking based on hate is immoral, there is the further issue of whether a ranking is, or is not, hate-based. In addition, if hate is deemed immoral, how does one determine what a hate-filled person's WB would be if he were hatred free?

And finally, there is the complaint that welfare economists do not default to the assumption that everyone's WB counts, and allow the possibility that not everyone who counts, counts equally.

5 Do welfare economists belong to a subset of welfare consequentialists called utilitarians?

The word “utility” immediately comes to mind whenever the word “utilitarian” is broached.

The Dictionary of Bad Definitions

Utilitarian, *n.*

Etymology <post-classical Latin *utilitarius*>

A person who studies, worships, or is otherwise obsessed with the word *utility*.

Economists must be utilitarians because they are always talking about utility.
(Shakespeare's brother Bob, 1604, in *My letters to Will*)

Whether they are utilitarians is important. (1) Because many economists are led to believe (I was) that welfare economics is grounded in the ethical system called utilitarianism—and this is incorrect. Welfare economists need to be clear on what they assume, and what they believe—be precise. We should not be misleading ourselves or our students. (2) Utilitarianism is objectionable (kind of a dirty word) to many, (see section 6), so why label yourself with an objectional title when you are not what the title implies. [Of course, even without the title, many would still find the ethics of welfare economics objectionable.] (3) And, it is of interest to understand how the label “utilitarian” came to be associated with welfare economics: it is because Benthamite utilitarianism was the first welfare-consequentialist ethic out of the gate, so, for a long time, it was reasonable, and often not misleading, to refer to all welfare consequentialists as utilitarians. But now there are different sorts of welfare consequentialists, so it is misleading to label them all utilitarians, when most of them are not. John Broome is, for example, a welfare consequentialist, but is neither a utilitarian nor a welfare economist.

So, what is utilitarianism and how does it relate to welfare economics? The first problem with answering this question is not many modern moral philosophers are welfare consequentialists and those that are often do not self-identify as utilitarians—it has a bad name in large spheres of moral philosophy.

So, I start with a simpler question: do welfare economists adhere to the classic utilitarianism of Jeremy Bentham (1748–1832) the father of utilitarianism?^{29,30} Most do not. For one, Benthamite utilitarianism is WC that assumes WB is a subset of only emotional WB, only pleasure minus pain. Most welfare consequentialists, including most welfare economists, take a broader view of WB. Pain might cover all the things that would cause a spider's emotional WB to suffer, but many things that decrease the WB of my dog and I are not physical pain (the firings of specific types of muscular nerve cells), and pain does not always cause a decrease in our WB. Chewing on sticks to dislodge one's baby teeth hurts, but my puppy persists. On the way to the dentist my tongue plays with the loose tooth trying to find the amount of pushing that hurts best. After a competitive bike ride, the leg pain tells me I worked hard, my goal, and I know the pain will be gone in the morning. But, pain you do not control, that won't go away, and is a symptom of illness causes a decrease in WB. The word pleasure is also too narrow for humans. Like pain, pleasure is a sensation. Many pleasures (the taste of good chocolate, orgasm) are specific to certain body parts. A pleasure can cause enjoyment, but it can also cause suffering—I am upset with myself for eating those tasty onion rings. Or, it can go the other way: consider poor Fyodor Dostoevsky going on about, “the enjoyment, of course, of despair; … in despair there are the most intense enjoyments,” (Dostoyevsky 1884:1996). Whether a pleasurable or painful sensation increases WB often depends on the circumstances in which it occurs. Bentham was a pain and pleasure guy; welfare economists are not.

Also, in Benthamite utilitarianism your net pleasure has cardinal meaning, and is measured on the same cardinal scale as mine. In addition, the moral objective of Benthamite utilitarianism is to increase aggregate net pleasure, defined as the sum of aggregate pleasures minus aggregate pains. That is, Bentham advocated for maximizing aggregate WB, limiting WB to one pain/pleasure continuum.

And, for Bentham this includes the pleasure and pains of all animals that can experience pleasure and pain, independent of species, so the pleasures and pains of

²⁹ Utilitarianism was developed and popularized by Bentham's *Introduction to the Principles of Morals and Legislation* (1789). Put simply, humans and other animals experience only pleasure and pain which can be netted and then added across individuals (Bentham's *felicity calculus*). An action is moral if it increases aggregate net happiness. The first sentence of Bentham's book says most of it,

Nature has placed mankind under the governance of two sovereign masters: pain and pleasure. It is for them alone to determine what we ought to do, as well as to determine what we shall do.

³⁰ Initially Bentham did not call it utilitarianism. John Stuart Mill adopted the term after seeing it used in a novel, unaware that Bentham had earlier used the word in a letter (Reeves 2007). Mill suggests that Plato was the first utilitarian (Mill 1879). “To each his due” suggests actions should be assessed on the basis of how they affect welfare. The expression “the greatest happiness of the greatest number”, while popularized by Bentham, can be traced back to the philosopher Francis Hutcheson, a founding father of the Scottish Enlightenment (Reeves 2007). One of the roots of utilitarianism is Epicurus. Bentham claimed inspiration from David Hume. When Bentham came across Hume's discussion of morality he felt as though “scales had fallen from his eyes” (quoted by Gottlieb 2016) “It appears there was never any quality recommend as a virtue, or moral excellence, but on account of it being *useful* or *agreeable* to a man *himself*, or to *others*,” (Hume 1758). Hume differed from Bentham in that Hume was noting how people judge, not on how they should judge, and Hume did not think WB quantifiable (Gottlieb 2016).

ducks count as much as yours and mine, and all pleasures and pains count equally, including spider pain.³¹

The day may come when the rest of the animal creation may acquire those rights which never could have been withheld from them but by the hand of tyranny. The French have already discovered that the blackness of the skin is no reason a human being should be abandoned without redress to the caprice of a tormentor. It may one day come to be recognized that the number of the legs, the villosoity of the skin, or the termination of the os sacrum [whether one has a tail] are reasons equally insufficient for abandoning a sensitive being to the same fate. What else is it that should trace the insuperable line? Is it the faculty of reason or perhaps the faculty of discourse? But a full-grown horse or dog is beyond comparison a more rational, as well as a more conversable animal, than an infant of a day or a week or even a month, old. But suppose the case were otherwise, what would it avail? The question is not, Can they reason? nor Can they talk? But, Can they suffer? (Bentham 1789)

Holding all else constant, imagine two worlds: in the first you get 10 additional units of net pleasure and Wilbur, a pig, gets – 5, and in the other the numbers are switched. The Benthamite utilitarian is indifferent/impartial: who gains and who loses is immaterial if the net gain is unchanged. This *impartiality* is a critical component of Benthamite utilitarianism (Driver 2014), but not welfare economics. Most welfare economists would include only the pains and pleasures experienced by member of their society, which, in practice, means only the pleasures and pains of humans who are members of the group. And, they do not assume that every member's WB should get equal weight. That is, the objective of Benthamite utilitarianism is to maximize aggregate emotional WB, but many welfare economists do not assume social WB is aggregate emotional WB. These are critical differences.

Welfare economics, like Benthamite utilitarianism, assumes that for you all values are commensurable, an assumption that is not widely held, so a significant commonality between the two ethics.

Benthamite utilitarianism would judge your behavior as right or wrong in terms of whether it increases or decreases aggregate WB in his pleasure/pain sense, and a larger increase in aggregate WB is morally-preferred to a lesser increase. For example, Bentham would judge George smoking another cigarette wrong if it increases his WB less than it decreases the WB of others. Welfare economists, in contrast, would ask whether the act increases social WB. Neither would assume your act is moral simply because it increases your WB. As noted earlier, since economicus is constrained to maximize his own WB, economicus is constrained to act Bentham immorally if an act increases his personal WB but decreases aggregate WB. That is, economicus is what is commonly referred to as a *psychological egoist*, or *egoist*.

³¹ And one does not even need a backbone to experience pain. After using pain-inducing chemicals on spiders, Thomas Eisner (2003, p 253), the recently deceased “father of chemical ecology” concluded, “I have no doubt they did [experience pain]...we came to the conclusion that invertebrates perceive pain, and that their sensory basis for doing so may not be much different from our own.”

Whether Bentham was an egoist is a matter of debate: some argue that Bentham left open the possibility that humans can choose to act contrary to their own WB; if so, Benthamite George might simply choose to not light up.³² To make *Economicus* George's behavior moral, someone would have to interfere.

In terms of Table 1, Benthamite utilitarianism is necessarily some subset of I and VII, and a strict subset of VII if you interpret Bentham as requiring everyone to maximize their own WB. If you don't interpret Bentham this way, then Benthamite utilitarianism is a strict subset of I. If you interpret it as a strict subset of VII, it is a different subset of VII than is the welfare economics subset, with no or minimal overlap.³³

The first place to look past Benthamite utilitarianism is the supposed utilitarianism of John Stuart Mill, but the ethics of Mill is too complicated for this essay.³⁴ I will also jump over the influential utilitarian Henry Sidgwick (1838–1900) to the twentieth century.³⁵ Simply put, there is no one modern utilitarian ethic, but rather several overlapping ethics. There is, for example, *act utilitarianism*, *rule utilitarianism*, and *preference utilitarianism*. Act utilitarianism, like Benthamite utilitarianism defines the objective as maximizing aggregate WB—act by act; whereas the objective of rule utilitarianism is to identify rules—rules that apply to everyone—that

³² Bentham is contradictory on this issue: sometimes saying we are egoists, but sometimes giving us the option of acting contrary to our self-interest. In *The Book of Fallacies*, Bentham says, “In every human breast, rare and short-lived ebullitions, the result of some extraordinary strong stimulus or incitement excepted, self-regarding interest is predominant over social interest: each person’s own individual interest, over the interests of all other person taken together” (Bentham 1824:392–3). Except for the insert, “rare and short-lived ebullitions, the result of some extraordinary strong stimulus or incitement excepted,” (which is often omitted replaced with “...”). This sounds like an endorsement of egoism. The insert leaves the door open a bit. But, in contrast, in *An Introduction to Principles of Morals and Legislation* he says, “There is no case in which a private man **ought** not [emphasis added] to aim to produce his own happiness and of that of his fellow-creatures; ... Every act that promises to be beneficial on the whole to the community (himself included) each individual ought to perform of himself; ... Every act that promises to be pernicious on the whole to the community (himself included) each individual ought to abstain from;...” (Bentham 1996, Chap 17, paragraph 8). There are differing interpretations as to what Bentham meant (see, e.g. Driver (2009:9–10), Dinwiddie (2004: 137–8) and Lyons (1991)).

³³ Looking ahead, to get overlap, welfare economists would have to assume that only emotional WB matters, that the emotional WB of all animals matters equally, and that WB is cardinally meaningful.

³⁴ In partial explanation: Mill complicated the simplicity of Benthamite utilitarianism by arguing that higher pleasures should count more than lower ones (sex, drugs, and rock’n’roll). See, *Utilitarianism* (Mill 1879), and Reeves (2007) biography *John Stuart Mill: Victorian firebrand*. The deceased Bentham likely rolled over at Mill’s notion of utilitarianism. In 1879, Mill’s book was perceived by many as the voice of utilitarianism, but Stanley Jevons (1879) argued that if one drops the assumption that all feelings fall on the same pleasure/pain univariate measure, it is no longer utilitarianism. Quoting Stanley Jevons (1879) critique of *Utilitarianism*,

Nothing can be more plain, too, than that Mill himself believed he was dutifully expounding the doctrines of his father, [and] of his father’s friend, the great Bentham...His Essays purport throughout to be a defense and exposition of the Utilitarian doctrine.... but there is a wide gulf between what he intends and what he achieves... I [Jevons] make it my business therefore in this article to show that Mill was intellectually unfitted to decide what was utilitarian, and what was not.

³⁵ Sidgwick wrote the influential *The Method of Ethics* (1874) which was both a defense and explanation of utilitarianism (Driver 2014). He critically pointed out the problem of total emotional WB versus average emotional WB: suggesting that the goal should be to maximize the product of average emotional WB and population size.

will, overall, lead to the maximization of aggregate WB.³⁶ The different varieties, for the most part, agree that WB is not simply pleasures minus pain. And, none are Benthamite utilitarianism.

For our purposes, the most interesting is preference utilitarianism. Peter Singer states, “my ethical position is a form of preference-utilitarianism”: “I approach each issue by seeking the solution that has the best consequences for all effected. By ‘consequences’, I understand that which satisfies the most preferences, weighted in accordance with the strength of the preferences” (Singer 1997). A noted difference between Singer and Benthamite utilitarianism is that for Singer the objective is to fulfill an individual’s *interests*, and this is achieved by giving the individual what they prefer, even if it cause them more pain and less pleasure, or even less emotional WB. Singer defines preferences as “wants, needs, and desires” (Singer 2011). Singer does not advocate for the maximization of aggregate WB, so while he is consequentialist, he is a *preference-fulfillment consequentialist*. He notes that if one only prefers that which increases one’s WB, and one always prefers that which increases one’s WB, there is no difference between preference-fulfillment consequentialism and WC. See the earlier bracketed insert in Sect. 2. A motivation for fulfilling preference rather than increasing WB is that preferences are, in his view, easier to observe and measure. Singer counts equally the preferences of all species capable of having preferences, so gives equal standing to all or most animals.³⁷ He defines basic equality as when each individual’s interests get equal consideration (impartiality), and argues that equal consideration of interests is morally preferred over unequal consideration of interests. Singer (2011) describes his preference utilitarianism as an extension of the utilitarian views of his Oxford professor R.M. Hare (1919–2002).³⁸

In 1977, Harsanyi (1977, 1982) proposed preference utilitarianism. He pointed out (as many psychological studies confirm) that individuals do not always maximize, subject to their constraints, their WB: he argued they make WB-reducing choices based on misbeliefs, emotions, etc. He distinguishes between what he calls *true preferences* (a ranking based on personal WB) and *manifest preferences* (a ranking consistent with behavior). Harsanyi’s moral objective is to maximize preference fulfillment based on true preferences—but only after the deletion of the true preferences that are morally objectionable.³⁹

The preference utilitarianisms of Singer, Hare (1981), and Harsanyi all have a rules component in that they argue that most of the time (day to day) the individual

³⁶ One argument for rule over act utilitarianism is that act utilitarianism provides no justification for moral rights or obligations—anything goes if it increases aggregate WB (Harsanyi 1977, 1982, Sec. 9). Whereas the general rules produced by rule utilitarianism provides guidelines (rights and obligations) for behavior. So, for example, rule utilitarianism might warrant the banning of slavery, while in act utilitarianism whether enslaving someone is moral or immoral is determined case by case. The other difference is that an individual undertakes an act taking as given the behavior of others, whereas a chosen rule applies to everyone, so effects the behavior of others.

³⁷ Singer is considered the father of the animal rights movement based on his famous book, *Animal Liberation* (1975, 4th ed 2009).

³⁸ For an introduction to Hare, see Price (2016).

³⁹ It is not clear whether such subtractions are possible. For example, how one would determine what a person’s ranking would be if they were neither a racist nor malicious.

should determine what is morally right based on rules that if followed would, most of the time, lead to the satisfaction of more preferences. But, in some complicated cases the rules will not suffice, and critical thinking will be required. They also all agree that preferences based on illogical or bad information should not count. While Harsanyi excludes the fulfillment of immoral preferences (hate, sadism, etc.), I have not been able to find anything by Singer or Hare that indicates they agree. Singer emphasizes that the equal consideration of each individual's interests, and in his textbook, *Practical Ethics* (2011), says nothing about inappropriate interests.

Contrasting with preference utilitarianism, welfare economists, as I have defined them, are only concerned with welfare/WB, not preference-fulfillment per se. And, preference utilitarians like Singer include the preferences of non-humans. And, many welfare economists reject the notion that preferences and WB have intensities that can be compared across individuals. Another difference is that like Benthamite utilitarianism, preference utilitarianism gives everyone's preferences equal weight, while welfare economics does not require this.

Welfare economics does not draw a distinction between true and manifest preferences. It assumes your self-assessed WB is always your WB.⁴⁰ Preference utilitarianism explicitly admits the possibility that you do not know what is best for you. You can be a preference utilitarian without assuming everyone experiences their highest-ranked feasible bundle, whereas choice theory and welfare economics assumes you always experience your highest-ranked bundle. Preference utilitarians admit WB-reducing choices, and if they believe you are making one, they would advocate for paternalism (limiting and directing your behavior against your wishes). Imagine that your teenage daughter is inclined to cut herself (not uncommon). Welfare economics says let her cut, unless the cutting negatively affects others; a preference utilitarian would advocate for sending her to therapy and throwing away all the knives in the house, even if her cutting affects only her. Or imagine that I, when given the opportunity, poke pins in my eyes and fail to save for retirement. A preference utilitarian might stop the poking and force some saving, but, if it does not affect others, the welfare economist has no grounds for interfering. (In determining whether to restrict my behavior, a preference utilitarian would, of course, account for the fact that forcing me to save for retirement conflicts with my preference for freedom.)

Some economic ethicists agree with Singer that the moral objective is increasing preference fulfillment rather than increasing WB. As I characterize Singer, I characterize them as preference-fulfillment consequentialists. In terms of Table 1, preference-fulfillment consequentialists are restricted to VII and IX. If they admit choices that violate preferences, as most do, they are restricted to IX. Hausman (2010) critiques the divide between WC and preference-fulfillment consequentialism.

I end this comparison of utilitarianism and welfare economics with what each implies about distributing wealth. A moral imperative of the preference utilitarianism of Peter Singer is that once the basic needs of you and your loved ones have

⁴⁰ Self-assessed WB is often referred to as subjective WB in that it is from the perspective of the subject/individual.

been met, morally you should allocate your remaining time and income to reduce the suffering of those individuals who are suffering the most, irrespective of their relationship to you, or their species. This conclusion follows from his assuming (1) preferences have intensity, (2) preferences can be compared across individuals, (3) a dollar spent serving your interests (assuming you are not in desperate straits) will increase aggregate preference fulfillment less than if it is spent to serve the interests of those in desperate straits,⁴¹ (4) you can choose to not pursue only your own interests, and (5) the moral objective is to increase aggregate preference fulfillment. Singer in his textbook *Practical Ethics* admits he is asking a lot of you. In his discussion, his examples deal with our moral imperative to help the desperately poor, but his assumption that the interests of all individuals, independent of species, should count equally implies that the well-off should also allocate their time and income to reduce the suffering of animals. (Reliably reducing the suffering of domestic animals might be cheaper than serving the interests of desperate humans). Most welfare economists would not advocate Singer's moral imperative because they would not, as we have discussed, accept all his assumptions. For one, they would reject (4): economicus cannot do this; he must maximize his personal WB (or desires) subject to his constraints. So, for the welfare economist, you behaving more morally is something that must be imposed on you.

It is the case that if a welfare consequentialist, or welfare economist, adopts assumption (3) and assumes the moral objective is to maximize aggregate WB, they would conclude that it is right (moral) that the State redistribute from the well-off to the worst off.⁴² Of course, many of them do not assume (3), or (5), the objective of maximizing aggregate WB.⁴³

Given all these differences, welfare economists are not preference utilitarians. They are also not rule utilitarians: welfare economists typically think about whether a specific act or policy would increase aggregate or social WB. They don't suggest rules that if followed would, on average, increase aggregate or social WB.⁴⁴

⁴¹ This assumption is akin to what economics defines as *diminishing marginal utility*, and something we teach as a law to students in principles of microeconomics.

⁴² Everyone, of course, would account for the fact that progressive tax rates might influence your incentive to work.

⁴³ Bentham also advocated for the redistribution of wealth from the best off to the worst off. While Bentham did not articulate diminishing marginal utility in the full sense of the current term, he did feel that an additional dollar spent by someone well off would increase emotional WB less than if were spent by a worst off, and Bentham's goal was to maximize aggregate emotional WB. Quoting Bentham, "the more remote from equality are the shares [of wealth] possessed by the individuals in question, in the mass of the instruments of felicity,—the less is the sum of the felicity produced by the sum of those same shares" (Bentham 1839: 271).

⁴⁴ One might argue that the aim of *social-choice theory* (List 2013) is to identify rules (functions) to identify what is morally preferred based on its welfare consequences. For example, there is the well-researched question of how different voting schemes (rules for decision making) succeed and fail in terms of distinguishing between right and wrong policies.

6 Besides not being utilitarians (Benthamite, rule, or preference), welfare economists also differ from most modern welfare consequentialists

Some modern welfare consequentialists reject the notion that an individual can rank all possible bundles in terms of betterment, arguing there are different ways things can be better, and these ways are not all commensurable. That is, one could believe that welfare consequences are all that matter, but be unable to compare the different types. But, as noted earlier, commensurability of betterments is the foundation of choice theory and economics—pervasive non-commensurability would be a deathblow for both.⁴⁵

Many welfare consequentialists who accept that all bundles can be ranked in terms of WB reject the additional assumption that you always maximize your personal WB (choose the feasible bundle with the most WB for you). Rejecting it because they believe that either you make mistakes, or because you choose to do best for a larger group than yourself. If you can choose to maximize your effect on aggregate WB rather than just your personal WB, then how to live an ethical life is an important component of WC.

Some modern welfare consequentialists (e.g., the former chief-economist of the World Bank, Kaushik Basu) argue that WB is not just about what you feel (your emotional WB) and your level of satisfaction (life-satisfaction WB) but WB also increases with, for example, knowledge, or the extent to which you are fulfilling your capabilities, or even having more capabilities—even if these do not increase your emotional or life-satisfaction WB.⁴⁶

According to this view of WB, you can have more even if you don't feel it or realize it. And you could be better off even though you feel worse off if, for example, the newly acquired knowledge makes you anxious and depressed.

You can, of course, be an economic ethicist who adopts an ethical system where the WB of society's members is important, but where WB is not the only thing of importance (II or V in Table 1). But then you are neither a welfare economist nor a welfare consequentialist.⁴⁷ This is OK: there is no rule that says economists who care about parsing right from wrong actions can only care about WB. What you are called if you care about WB, but not only WB, depends on how much you think WB should matter relative to other things, other things like being virtuous or fulfilling your duties. Consider the designation *NotOnlyWB ethics*.

⁴⁵ One can imagine parts of choice theory surviving limited non-commensurability. For example, imagine that all the experiences associated with the consumption of market goods are commensurable, but that these experiences are not commensurable with non-market experiences such as religion or time with friends.

⁴⁶ The view, that WB is increasing in your capabilities, even if they are unrealized, is widely associated with Sen and Nussbaum (Sen 1980; Nussbaum 2006, 2011; Basu and Lopez-Calva 2011; Robeyns 2016).

⁴⁷ One could even be economic ethicist who believes that how an act influences WB is irrelevant to determining whether the action was moral or immoral. For example, the moral imperative could be fulfilling the will of God.

I now turn to research on how regular people judge right from wrong. If you view yourself as a welfare consequentialist, or a welfare economist, it is useful to know that few accept your view that only welfare consequences matter. Also disturbing to an applied welfare economist, like myself, is that many people, while concerned with their own WB, do not believe that maximizing social WB is the moral objective, or that Pareto improvements are always right. Paraphrasing Aristotle, if both the intellectuals who study moral philosophy and the guy-on-the street reject the goals of welfare economics, I, as a lifelong welfare economist—at least until now—should stop and pause.

7 The moral judgments of regular people: they do not ascribe to the ethics of welfare economics

People do not determine whether an act is moral or immoral solely on its effect on WB. In fact, for many people, it is not clear that how a policy affects social WB plays a large role in determining whether they find an act or policy right. Research in moral psychology indicates that typical Western research subjects judge morality (of an action or a person) using two criteria: (1) justice/fairness (treating others in proportion to their actions and intent—they should get their just desserts),⁴⁸ and (2) caring for others and protecting them from harm. Harming others is wrong; caring for others is right, those who harm should be punished, and those who care for others, and reduce harm, should be rewarded. Non-western adults and religious conservatives add two additional criteria: (3) loyalty to your community/group, including a respect for its authority, including fulfilling your obligations to the group, and (4) an ethic of holiness (humans are God's creations and are morally obligated to not degrade that holiness). Describing this perspective:

People are bearers of something holy or god-like, and have moral obligations to not act in ways that are degrading to or incommensurate with that holiness. The ethic of divinity requires that people treat their bodies as temples, not as playgrounds, and so personal choices that seem to harm nobody else (e.g., about food, sex, and hygiene) are sometimes moralized (for a further elaboration of moral foundations, see Haidt & Graham 2007). In sum, the high-socioeconomic status (SES), secular Western populations that have been the primary target of study thus far, appear unusual in a global context, based on their peculiarly narrow reliance, relative to the rest of humanity, on a single foundation for moral reasoning (based on justice, individual rights, and the avoidance of harm to others; cf. Haidt and Graham 2007). (Henrich et al. 2010)

One way to observe and measure moral diversity is to present research subjects with descriptions of different behaviors and ask how they judge these different behaviors (right or wrong?). Judgment often varies with the respondent's

⁴⁸ If justice and fair treatment depends on intent, and not just consequence, it is inconsistent with WC.

socioeconomic status, political orientation (liberal vs. conservative) and religiousness. Researchers also ask what criteria the respondent considered when judging an act right or wrong to determine whether the criteria vary across individuals. Jonathan Haidt (2012), his co-authors, and others have tested respondents' reactions to *harmless acts* (acts which cause no physical or psychological damage, except possible offense—acts that often occur in private). Three examples (Haidt et al. 2003):

A woman is cleaning out her closet, and she finds her old [American or Brazilian] flag. She doesn't want the flag anymore, so she cuts it up into pieces and uses the rags to clean her bathroom

A man goes to the supermarket once a week and buys a dead chicken. But before cooking the chicken, he has sexual intercourse with it. Then he cooks it and eats it.

A brother and sister like to kiss each other on the mouth. When nobody is around, they find a secret hiding place and kiss each other on the mouth passionately.

The authors asked about such activities in three cities (two in Brazil, plus Philadelphia) finding that high-socioeconomic Americans tend to view such acts as causing no harm, so not wrong—just activities that might go against social convention. In contrast, the poor and religious, more so in Brazil, often find these acts wrong simply because they invoke disgust or demonstrate disrespect. Western democracies typically legislate to reduce harm, not to eliminate harmless acts, but there are exceptions such as laws against homosexual acts between consenting adults. In contrast, religious states such as Iran ban many, so-called, harmless acts.

Graham et al. (2009) identified five different moral intuitions: harm/care, fairness/reciprocity, in-group/loyalty, authority/respect, and purity/sanctity. Across four different experiments, conservatives tend to give equal weight to each of these criteria for determining right from wrong, whereas liberals tended to use only the first two. For example, in their Study 4 respondents were asked what they would have to be paid to voluntarily do different sorts of distasteful things. The following are examples from each of the five criteria:

(Harm) Kick a dog in the head, hard

(Fairness) Say no to a friend's request for help him move into a new apartment, after he helped you move the month before.

(In-group) Burn your country's flag, in private (nobody else sees you)

(Authority) Make a disrespectful hand gesture to your boss, teacher or professor.

(Purity) Get a blood transfusion of 1 pint of disease-free blood...from a convicted child molester.

Their Fig. 2 shows the results. (Each number on the vertical scale corresponds to much larger dollar amounts than does the previous number.)

Everyone needed the most money to be unfair and the amount needed does not vary by political orientation (the top solid line); but the more conservative you are the less money you need to do harm. And, when it comes to violating your group, authority, or purity, the more conservative the more money you need.

It is difficult to reconcile how these ethical criteria are together consistent with WC, more so if they each get equal weight. Criteria 2: *caring for others and protecting from harm* is the only one that has an obvious link to social WB. But criteria 1: *justice/fairness (treating others in proportion to their actions and intent—they should get their just deserts)* can conflict with criteria 1. I should care for others, but only if their actions and intents indicate they deserve care. None of the criteria explicitly say that increasing the WB of yourself and others is morally preferred.

Trying to reconcile the four criteria to WC, and welfare economics, one might awkwardly argue that observing what the observer regards as disloyalty, disrespect, or injustice matters to the observer only because it reduces the observer's WB. And caring for others, who need and deserve care, is right only to the extent it increases the WB of the recipient and the caregiver. Put simply, the argument would be justice, disloyalty, etc. are only of moral relevance because they affect WB. My guess is that many would disagree with this explanation of why they judge using all of some of the 4 criteria. Consider the football players that recently knelt in protest when the US National anthem was played before the game. Did they do it only because it increased their WB, and did others object only because it decreases their WB?—both groups would probably say no.

A welfare consequentialist who is not a welfare economist(e.g., Harsanyi) might, alternatively, try to fully or partially reconcile the four criteria with WC by arguing that WB obtained by being disloyal, disrespectful, or unjust should not count in the determination of social WB. A welfare economist would shudder at this suggestion.

The introduction to microeconomics text I use, Krugman and Wells (2014), concludes that a Pareto improvement is a right action, and that given a societal goal, achieving it a lower cost is morally preferred over achieving it at a higher cost. These are two pillars of welfare economics, but not in sync with how many of judge specific polices and behaviors. The four criteria imply an individual will conclude a Pareto improvement is wrong if they view the gainers undeserving (they are, for example, lazy), and conclude a Pareto deterioration is right if the losers deserve punishment. The same justice issues pertain to whether society should strive to minimize the costs of goal achievement: are the recipients of the cost savings deserving? There are two interpretations: (1) If WB is reduced by an act because the act violates someone's sense of justice and fairness, the act is not a Pareto improvement—so, there are, few, or no, Pareto improvements. Or, if a policy is a Pareto improvement (no one's WB declined) and some find it wrong, a Pareto improvement can be wrong.

7.1 Additional evidence that most people are not welfare consequentialists: trolley problems

Philosophers like thought experiments and a favorite is the *Trolley Problem*; the results indicate that we often behave inconsistent with WC. The hypothetical-trolley

scenario has numerous variations but at issue is whether it is right or wrong for you (or someone else) to kill (or let die) one person to save five. The brakeless trolley is barreling down the tracks soon to derail on a curve killing all five onboard. You're standing on a footbridge with a fat guy. If you trip, or push, him, he falls on the track and his large body stops the train. [Your body is too small to stop the train.] Or, an empty trolley is barreling down the tracks and will run over five people crossing the tracks unless you throw a switch which will divert the trolley onto another track where it will only run over one person. Assuming everyone at risk is a productive member of society, every welfare consequentialist would always throw the guy or the switch. If presented with the switch story, many subjects say they would throw the switch, but if presented with the fat guy version few are willing to trip or push the fat guy, even though switching and pushing both lead to the same number saved. Since welfare consequentialists care only about consequences, they would always switch or push.

Or a third version: you are standing by the track next to a switch. The fat guy is on the footbridge. If you throw the switch rather than diverting the trolley onto the other track, it trips the trap door the fat guy is standing on and he drops to his death on the track. When you were both on the bridge you might not have pushed because you were afraid you would get in a life or death struggle with someone bigger than you, but fear is eliminated with the trap door. Few are willing to trip the trap door, but every welfare consequentialist always would. If you would not throw the switch you are not any sort of welfare consequentialist.

The British philosopher and radio host David Edmonds' explanation (2013a, b) goes to your intent. To stop the trolley with the fat guy, your intent is to kill him—he needs to die for the trolley to stop—his death could not be construed as *collateral damage*. In contrast, when you switch the trolley to the other track you are not intending to kill anyone, and once the trolley is on the other track the five are saved even if no one is on the other track. The poor guy crossing the other track is simply collateral damage. You're not responsible for killing him. In summary, we judge acts both on consequence and process. Tweaks to the scenario can be determining.⁴⁹ For example whether it is you or someone else deciding.

⁴⁹ If you enhance your serotonin levels by taking the commonly prescribed SSRI citalopram you are even less likely to push the fat guy, particularly if you tend to be an empathetic person (Crockett et al. 2010; Crockett 2012, 2013, and Siegel and Crockett 2013). [SSRI stands for *Selective Serotonin Reuptake Inhibitor*.] A decision to kill one to save five can be made using the executive-functioning part of your brain, thinking through the consequences, and then choosing the best outcome, which is kill one to save five. Or, it can be driven by your moral empathic inclination to not harm an innocent person—"I cannot kill someone." How much your choice is based on moral inclination versus consequence depends on the type of person you are, the amount of time you have to decide, your emotional state, and the emotional salience of the situation—Greene et al. (2001, 2004) found, using fMRI imaging, that when the moral decision is more up-close-and-personal, there is more activation in the emotional-processing centers of your brain (e.g. the amygdala and posterior cingulate gyrus), so more conflict between emotion and reasoning. The more emotionally salient the situation (pushing the fat guy is more personal and emotional than flicking a switch), the more likely your decision is based on the moral imperative to not harm, decreasing the probability you will kill the one to save the five. Serotonin is thought to strengthen your natural aversion to doing harm.

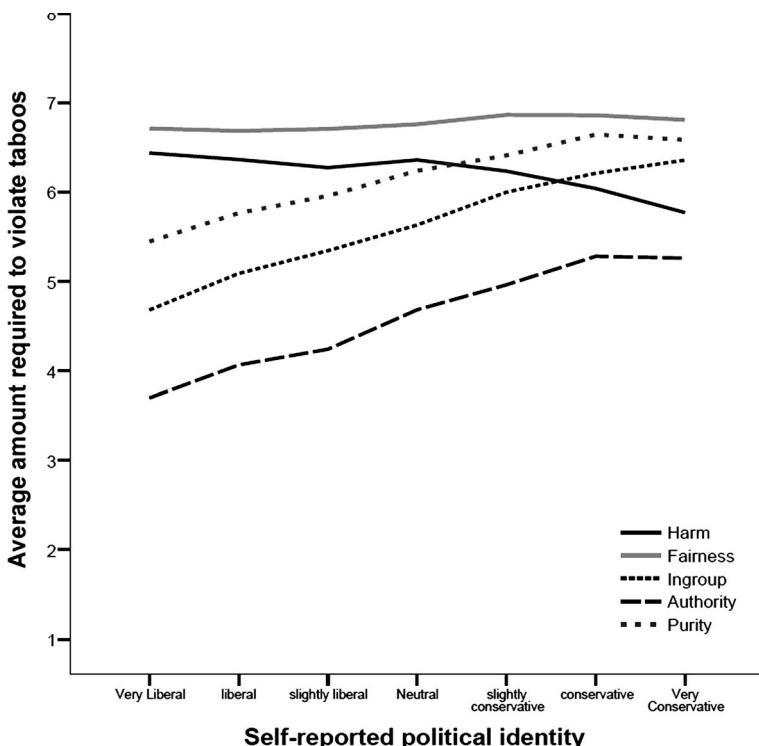


Fig. 2 Graham et al. (2009)

8 Conclusions and qualifications

Questions addressed: What are the ethics of welfare economics? What is utilitarianism? And what are their ethical distinctions and similarities. I argue that the ethics of welfare economics is a unique type of WC, and quite different from utilitarianism, the latter comparison complicated by there being different forms of utilitarianism, and by a hesitancy among moral philosophers to self-identify as utilitarians. Who has what label, and why, depends, of course, on how welfare economists and utilitarians are defined and identified, also on how WC is defined. There is no book of official definitions and some readers will surely object to components of my definitions. This is OK, but I do hope the reader comes away with an aversion to suggesting that welfare economists are utilitarians. It is more precise to argue that welfare economics is a type of WC, quirky like utilitarianism, but different, a sort that most other welfare consequentialists shun.

What to conclude about welfare economics? Welfare economists should question why few besides economists subscribe to it. And, not be surprised that everyone does not accept the policy recommendations it implies. A strong distinction between welfare economics and WC in general, including utilitarianism, is that welfare

economists assume individuals always choose their highest-ranked feasible bundle—much research in psychology and behavioral economics indicates this assumption is wrong—Mark Thayer’s recent Nobel in Economics is a confirmation of this. The welfare economics dictate that acts that do not affect others should, ethically, not be messed with depends on an assumption that seems often is violated.

An economist concerned with ethics and WB might ask how economics might inform and develop a WC ethic that does not adhere to the specific trapping of welfare economics. Alternatively, an economist concerned with ethics and WB, but not only WB, might adopt an ethic based both on welfare consequences and intent (or duty, or rights, or whatever). Or, an economist concerned with ethics might adopt an ethic where WB effects play no role in determining right from wrong, for example, one could adopt a Kantian ethic. As Hicks said, “one also has the right to an economics free of utilitarian assumptions.” And, an economist can remain a scientist that is only trying to model—without judgment—behavior.

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