

## Social Choice in Five Dimensions

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The choice of social welfare function is the benchmark for the moral success or failure of economic policies. Yet most analysis of government policy making assumes that there is universal agreement regarding the society for whom welfare is to be maximized. This article argues that policy makers need to examine government policies through five dimensions of social choice: horizontal utility, vertical utility, group utility, generational utility, and universal utility. The two key issues that must be examined are who counts and over what time frame. In this article, the authors demonstrate that changing the definition of society over time and space dramatically changes the choice of moral economic policies. From a biblical perspective, Christians are commanded to make choices consistent with loving their neighbor as themselves while treating everyone in the world, both now and in the future, as their neighbor.

### Introduction

Most advocates of public policy, economists included, freely make normative moral claims that their desired policies make society “better off.” However, the formal study of welfare economics has declined even as these normative claims have increased.<sup>1</sup> Policy makers seem unwilling, or unable, to precisely define the social welfare function that a perceived benevolent dictator is supposed to maximize. The dilemma they face is that model specification opens up two problematic doors. The first is that the social welfare function is formed by moral claims. To state the moral basis for a social welfare function is to argue that it is the moral basis for policy. In a pluralistic world, policy makers often

shy away from making absolute moral claims. Those who do make moral claims are quickly challenged by those whose moral code differs from that of the policy maker. Policy makers rarely cite the moral foundations of their policies because there is no universal agreement on the moral social welfare function.

The second problematic door opened by social welfare function specification is that it creates the ability to objectively measure the policy's effectiveness. Policy makers may find an appeal in relating to an abstract morality of making society better off without having to face the burden of actually proving that said policy they are proposing actually does so. While public choice theory may shed light on why policy advocates prefer ambiguous appeals to morality, it leaves unanswered the most fundamental question: "Why should a particular public policy be implemented?" This article lays out commonly used social welfare functions and then demonstrates that changing the definition of society over time and space dramatically alters the moral implications of economic policies. It concludes by suggesting that the Christian faith requires believers to act in a way consistent with loving their neighbor as themselves while treating everyone in the world, both now and in the future, as their neighbor.

## Popular Social Welfare Functions

Social welfare functions can be either microeconomic or macroeconomic in nature. In microeconomic functions, the individual is the basis for analysis, and society is the aggregation of individuals. Vilfredo Pareto, Jeremy Bentham, and John Rawls all put forth micro-based utility functions.

As interpersonal utility is impossible to accurately measure, a Pareto improvement is the only irrefutable way to increase social welfare. A Pareto improvement occurs if at least one person is made better off by an event without anyone else being made worse off.<sup>2</sup>

Jeremy Bentham's utilitarian social welfare function aggregates the utility of each individual (i) in society:<sup>3</sup>

$$(1) \text{ Social Welfare} = \sum_{i=1}^n u_i \text{ where } n \text{ equals the number of individuals in society}$$

The utilitarian social welfare function places no importance on individual rights.

John Rawls suggests that social welfare is merely the utility of the person with the least utility in the society:<sup>4</sup>

$$(2) \text{ Social Welfare} = \min (u_1, u_2, \dots, u_n)$$

Inequality in a Rawlsian society could only be tolerated if it increased the welfare of the worst off in society. A strict interpretation of this social welfare function would in the short term lead to a redistribution of utility from those with more to those with less until everyone has the same level. Like Bentham's utilitarianism, Rawls' social welfare function works on the assumption that utility is easily transferred between individuals. As individual utility is impossible to accurately discern, it is impossible to perfectly redistribute it to achieve a specific target.

Macroeconomic social welfare functions are formed from aggregate societal data. The proponents thereof recognize that measuring individual utility is impossible and they therefore do not attempt to sum individual utility. For example, Amartya Sen's social welfare function takes both per capita income and income inequality into account:<sup>5</sup>

$$(3) \text{ Social Welfare} = (\text{average per capita income}) (1 - \text{Gini coefficient})$$

Income is used in Sen's social welfare function as a proxy for utility. Societies that are richer and have lower levels of income inequality have higher levels of social welfare under Sen's definition than societies that are either poorer or that suffer from high levels of income inequality.

Income is but one component of utility. Some people may prefer to forgo income to work at a job they enjoy. Others prefer to forgo income to stay at home and raise children. Some forgo income to live near family who can help to raise children. Others accept higher pay to compensate them for unpleasant working conditions. Social welfare functions narrowly designed to minimize income inequality can work to increase utility inequality and distort personal decision making in such a way as to reduce overall social welfare. Compensating wage differentials work to reduce utility inequality, while policy makers using narrowly defined social welfare functions in terms of income undermine the effectiveness of voluntary compensation contracts.

Héctor Rocha notes a variety of objective outcomes that policy makers have pursued in search of economic development.<sup>6</sup> One such set of outcomes is represented in the Human Development Index (HDI) as used by the United Nations Development Program.<sup>7</sup> The HDI is a function of life expectancy at birth, education levels, and per capita income:

$$(4) \text{ Social Welfare} = f(\text{life expectancy, education, income})$$

While it uses more than income to proxy for utility, the HDI still uses fewer variables than does the OECD. The Organization for Economic Cooperation and Development created a “How’s Life?” index.<sup>8</sup> Rather than just comparing per capita incomes between countries, the OECD has created a quality of life index based on eleven different criteria. These criteria include: housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety, and work-life balance. The OECD attempts not only to include criteria other than income but also to allow individuals to create their own social welfare functions by designating varying weights to individual components of utility.

Aggregation is not perfect either.<sup>9</sup> As there are likely an infinite number of contributors to utility, aggregation of a limited number of measures undoubtedly leads to an incomplete measure. As such, these functions yield quality of life functions rather than true utility measurements.

The benefits of functions are that they do lead to quantifiable results. Therefore, one is left to either inaccurately sum quantifiable variables or accurately sum variables that cannot be measured.

## Defining Society

Regardless of the social welfare function one chooses, it must be applied to a specific society covering a specified number of individuals in a precise space for a precise amount of time. Although the proper definition of society has received far less attention than the specification of the right social welfare function, it arguably plays the largest role in determining policy effectiveness.<sup>10</sup> As Walter Schweidler notes, “Knowing to whom one is concretely obligated belongs to the core of moral insight just as much as recognizing everything to which one is obligated.”<sup>11</sup>

The question of which members constitute society is paramount in assessing social welfare functions. This article expands on this idea by suggesting that not only is there importance in extending the definition of a neighborhood beyond those in immediate proximity, but also it is morally imperative to examine the impact of policies on *horizontal utility* (utility in one moment of time), on *vertical utility* (utility over one’s lifetime), *group utility* (utility for a specified group of individuals), *intergenerational utility* (utility of individuals or groups across generations), and *universal utility* (that of all individuals at all points in time). When public policy proponents insist that their policy is good for society, do they mean for themselves, their voting constituents, people in their shared kinship or interest groups, people in their state or country, people in this generation, or everyone in the world throughout time? The significance of the specification

of society becomes apparent as we examine each of these five dimensions of social choice.

## Five Dimensions of Social Choice

### Horizontal Utility

We define horizontal utility as the utility held by each and every individual at a specific point in time. Taking horizontal utility as a partial derivative of total utility and trying to maximize it could lead to various outcomes. A utilitarian social utility function would dictate that any policy that increases total utility for that instant in time for society is a moral policy regardless of whether or not the policy is a Pareto improvement or whether or not the policy increases cumulative total utility over the next five days. In such a world, it may be moral to continually inject every citizen of the world with opiates until either everyone dies or the central planner runs out of money.

Maximizing horizontal utility would make punishment impossible if a Rawlsian social welfare function were adopted. If the morality of a policy is measured at a given moment in time and all that matters is the utility of the worst off member of society, it would be counterproductive to use negative reinforcement to educate people to engage in different future actions. Furthermore, punishment as a concept of justice would be null and void. In such a world, utility transfers would continue until everyone had the same amount of utility at any point in time. Utility would continue to be used up until none was left to transfer.

Even when using a macroeconomic social welfare function, it is difficult to imagine that a society could long thrive by seeking to strictly maximize horizontal utility regardless of the choice of social welfare function. Nevertheless, politicians commonly appeal to data from a specific time and place and suggest policy implementations designed to increase horizontal social welfare. John Maynard Keynes, the “father” of macroeconomic fiscal policy, asserted that “in the long run we are all dead.”<sup>12</sup> His policies were specifically designed to increase current gross domestic product regardless of the long-term consequences to the economy.

By creating public policy based on horizontal utility, policy makers implicitly suggest that the future welfare of current members of society does not matter. Furthermore, they suggest that the future welfare of future members of society does not matter, much less the welfare of those not included, now and in the future, in the currently used definition of society. Next, we extend the analysis to the maximization of utility over one’s lifetime.

## Vertical Utility

We define vertical utility as utility over a person's lifetime. Maximizing vertical utility gives policy makers more flexibility in policy designs than maximizing horizontal utility. Rather than assume that all people should maximize short-term utility, a pursuit of vertical utility allows room for utility maximization over time. It also allows personal decision making along with the rewards and/or consequences of those decisions.

A utilitarian approach to vertical utility would yield policies that promote the highest total utility for the current generation over their lifetime. A Rawlsian approach would attempt to improve the plight of the worst off over the course of their lives rather than for an instant in time. Policies designed to fight horizontal poverty could include direct cash payments to the impoverished while policies designed to fight vertical poverty would most likely need to include a training and/or educational component to improve the life-cycle incomes of the poorest members of society. Policies utilizing transfer payments (i.e., unemployment insurance) would be favored by policy makers who prefer to pursue horizontal utility, while policies enabling future earning (i.e., job training) would be favored by policy makers who prefer to pursue vertical utility.

The pursuit for vertical utility maximization requires that people learn from their mistakes. If actions do not have consequences, then people can repetitively make choices that lower society's long-term welfare. The law of unintended consequences for public policy can only be understood over time.

A pursuit of vertical utility maximization would not entail policies that enable medical school students to receive food stamps paid for by working-class taxpayers regardless of social welfare function. Nor would it grant elderly retirees an automatic income transfer if they spent through a large amount of income during their youth. Interestingly, US Medicaid policies actually encourage people to spend through their money (or give it away/hide it) in order to receive long-term care at the taxpayer's expense.

Suppose society is composed of two individuals ( $i = 1, 2$ ) who live in two time periods ( $t = 1, 2$ ). Both individuals are endowed with the same human capital and job opportunities. Their respective utilities are made up of consumption ( $C$ ) and leisure ( $L$ ). Suppose further that both individuals prefer constant consumption between the two periods.

$$(5) U_{it} = f(C_{it}, L_{it})$$

A Rawlsian concern for horizontal utility suggests that social welfare is merely the utility of the person with the least utility in the society in each time period:

$$(6) \text{ Social Welfare} = \sum_{t=1}^2 \min(u_{1t}, u_{2t})$$

Suppose the two individuals have different time preferences for leisure. Person 1 has a high discount rate for leisure over the two time periods while person 2 has a negative discount rate for leisure (they wish to enjoy a work-free retirement in period two, while person 1 prefers to work in period 2 and have leisure in their youth). Credit markets allow for income smoothing between periods. As a result, person 1 chooses to earn income in period 2 and enjoy more leisure in period 1. Person 2 works in period 1 and spends period 2 in retirement.

In a world of voluntary actions, persons 1 and 2 behave differently and exhibit different lifetime work patterns, each attempting to maximize their personal utility over their lifetime. However, while consumption is smoothed for both individuals, there is a great deal of income inequality in both periods. In fact, the Gini coefficient for both periods would be equal to 1, resulting in low social utility scores as defined by Rawls or Sen. To increase their social welfare levels in each period, both Rawls and Sen would seek to redistribute income from person 2 to person 1 in the first period, and then transfer money from person 1 to person 2 in the second period.

As income transfers are not costless, both people would be able to engage in less consumption over their lives. Furthermore, if persons 1 and 2 know that incomes will be redistributed in each time period, they face a 50 percent marginal tax rate that may cause them to choose more leisure during their working period than if they were freely able to use credit markets to smooth their own consumption. In this case, the application of horizontal social welfare functions to the formation of public policy creates policies that lower vertical utility, even with the same choice of welfare function specification. Likewise, inconsistencies in moral policy making occur once the examination is extended to group utility.

## Group Utility

We define group utility as the total utility of a subset of individuals who associate with a group. Examples of groups include families; ethnicities; a specific gender; an age group; clubs; associations; religions and sects; or incorporated governing units such as cities, counties, states, countries, and international organizations. Policies designed to maximize group utility attempt to maximize the social welfare function of a group of people regardless of the effect on the utility of members outside of the group.

American colonists' use of manifest destiny was an attempt to maximize a group's utility without concern for the social welfare of Native Americans or Mexicans. Policy makers in the nineteenth-century American South sought to maximize the utility of native-born whites without maximizing the social welfare of immigrants or African Americans they enslaved. Parents often give material goods and affection to their children that they would not freely give to people outside of their family unit. It is more common for people to leave assets to their children in their wills than to ask to have their assets distributed equally to all people across the globe. In fact, a 2010 study published in *Current Biology* found a racial bias in people's empathy for other's pain.<sup>13</sup> People empathized more with pain caused to members of their own race than with pain caused to members of a different race.

William Trumbull addresses the question of who counts in the context of cost-benefit analysis.<sup>14</sup> Various groups may adopt different social welfare functions. Furthermore, group definitions can and do change over time. Benjamin Nelson describes how the Hebrew tribes gave way to an "establishment of a new sort of 'brotherhood,' universal rather than tribal, competitive rather than cooperative, ... the 'Universal Otherhood,' a distinctive society, wherein—if we may anticipate—all men are 'brothers' in being equally 'others.'"<sup>15</sup> He notes that this can be viewed as a positive or negative change for society.<sup>16</sup> In fact, changing the definition of the group may have more impact on policy choice than altering the choice of social welfare function.

Which is more important: A neighborhood association in a rich gated subdivision that adopts a utilitarian or Rawlsian social welfare function or that they have defined their society by the limits of their gate? A Rawlsian social utility function may result in billionaires transferring some income to millionaires but expanding the definition of society to include poorer individuals outside the gate may result in redistributing income to people suffering from absolute poverty. Likewise, macroeconomic social utility functions offer different policy prescriptions based on one's definition of the group for whom utility is to be maximized. Using Sen's social welfare function for one country's optimization may require removal of all foreign assistance to other countries. Such an action may lower inequality and raise per capita GDP in the source country, but it would likely lower welfare in countries outside the defined "group." Only Pareto improvements allow groups (or members thereof) to be better off without making anyone worse off. Government policies enacted by the use, or threat, of force are not necessarily Pareto improvements.

Policy makers who seek to maximize group utility must explicitly, or implicitly, make a claim as to why people outside of the group should not be counted in



the social welfare function. Was the decision to drop atom bombs on Hiroshima and Nagasaki made solely based on the potential loss of American soldiers' lives during a land invasion of Japan or based on the utility of innocent Japanese children who would be killed by the bombs? Roman citizenship carried with it rights that did not apply to the barbarians who could be enslaved or killed. The creation of an exclusive group, by definition, creates a subset of humans who are nonmembers, "the others" within the group. The phrase, "God, family, country" indicates a moral ordering of groups. Those who follow said creed are supposed to put God first, the welfare of their family second, and the welfare of their country next. Revolutionary communist governments have often tried to flip the above allegiances such that the country was the most morally defined unit for measuring social welfare. This resulted in the teaching of children to turn in their parents for anticommunist activities.

In a society that allows the freedom of association, people will form groups for a variety of reasons. These groups will naturally seek to maximize the welfare of members within the group. That does not mean that all such actions are inherently moral. Organized crime has long borrowed the moral claims of family. Rules regarding the interactions of "family members" differed from those that applied to others outside of the family. Rules against the killing of "made men" demonstrate this idea. Segregationists and those who supported Apartheid in South Africa attempted to maximize the social welfare for those who belonged to specific racial groups.

When seeking to maximize social welfare, what definition of society is most moral? Why is maximizing the social welfare of a city, state, or country a moral activity if it means treating noncitizens outside of those governing units differently than citizens therein? From a practical standpoint, politicians may find it fruitful to their careers to seek to maximize the welfare of their constituents or interest groups that support them rather than the welfare of all citizens in their city, state, or country, much less the welfare of people outside their jurisdiction. The electorate is often left to interpret for themselves a politician's claims of benefiting society. If a voter defines their most relevant society as their family, they may choose to favor politicians whose policies most benefit their personal family regardless of their impact on others. If voters define their most important society as their trade union, they will prefer politicians whose policies are beneficial to their union members regardless of their impact on nonunion individuals.

Groups that are able to force other groups into activities the latter disapprove of must do so in the face of competing moral claims. Group utility, then, is in the eye of the beholder (group member). As a result, there is little agreement around the world as to the appropriate definition of society when it comes to maximizing

group utility. There are even those who lament that the division of labor has caused people to think and act beyond their “tribal brotherhood” in ways that turn everyone else into the “universal otherhood.” They lament that societies in search of greater justice have done so at the expense of comforting brotherhood (the security of local communities).<sup>17</sup> Similarly, there is much disagreement concerning the importance of evaluating the impact of current policies on the utility of future generations.

## **Generational Utility**

We define generational utility as the utility of members of society both now and yet to come. The inherent problem with maximizing generational utility is that utility functions cannot possibly be known for people who do not yet exist. At best, current policy makers must make assumptions regarding the determinants of future generations’ utility and their choice of which social welfare function to maximize.

The concept of sustainable public policy relies on policy makers’ implementing policies that do not decrease the utility of future generations.<sup>18</sup> This usually implies that current policies cannot limit the set of possible policy options for future generations. If the oceans are fished to extinction today, future individuals will have no fish to catch. Yet, it could be the case that actions that limit policy options for future generations could improve the social welfare therein. If, in exhausting the world’s supply of oil, the current generation is able to lower current energy costs in such a way as to speed up innovation of life extending medicines or cheaper, cleaner energy sources, then future society may be better off even without the ability to use oil as an energy source.<sup>19</sup>

Further, how should policy makers weigh the utility of future generations?<sup>20</sup> Thomas Schelling notes,

There is near consensus that the appropriate discount rate should be conceptualized as consisting of two components.... One is pure time preference and “deals with the impatience of consumers and reflects their inborn preference of immediate over postponed consumption.” ... The second reflects the changing marginal utility of consumption with the passage of time and is decomposed into a rate of growth of consumption per capita and an elasticity of utility with respect to consumption.<sup>21</sup>

Positive discount rates assume that people value an additional unit of utility today more than an additional unit a year from now. Popular discount rates have ranged from 0 percent<sup>22</sup> to 5 percent.<sup>23</sup> When applied to future generations, a

discount rate greater than 0 implies that an extra unit of utility for someone a century from now matters almost nothing relative to an additional unit of utility for someone today.<sup>24</sup> If given the chance, would people today voluntarily engage in wealth transfers to their poorer great grandparents? Would they do so for all humans from generations earlier? Makers of social welfare functions may be biased toward the present due to their present existence.

Given the commonplace practice of leaving an inheritance to one's loved ones or favored causes, there is evidence that people do value the future welfare of at least a small group of people. There is, however, an uncertainty faced by those who leave resources for future generations. Trust-fund babies could spend through large amounts of money via conspicuous consumption even as their deceased parents had sacrificed their own utility in order to pass on wealth to multiple future generations. The uncertainty of future utility often works to further discount the value of future utility when compared to current utility.

It could be argued that a growing economy means growing utility as well. Therefore, in a society where economic growth is the norm, future generations will have more utility than current generations. Does the generational social welfare function seek to grant equal utility to all over time, or to maximize the sum of utility over time? The former could lead to policies that purposefully slow down economic growth by having a society borrow against the future to improve current consumption. This decision would be based on the assumption that the future society is postulated to have a higher level of utility than the current one. The latter may lead to policies that favor investment over current consumption. Once again, the policy implications are more impacted by the choice of whose utility is to be maximized than by the choice of the social welfare function. We now turn to a final definition of utility—universal utility.

## Universal Utility

We define universal utility as the utility of all individuals in the world without respect to time, space, or group affiliation. In this case, society is composed of people of every gender, race, country, religion, and group for both this and future generations. Some environmentalists may argue that such a welfare function focused solely on humans merely creates another group and is less than universal.<sup>25</sup> To some, universal utility extends to all of nature over time.

A utilitarian concerned with universal utility would seek policies that create the greatest good for the greatest number of humans throughout time. A Rawlsian would seek policies that improve the lives of the worst off in the world over time. Policies that impact all of humanity would be practically difficult to implement and

enforce. Policies that accurately predict all of future humanity's utility functions are even more difficult to imagine. Universal policies might require a universal government to define and protect property rights and aid in implementation.

While government policies rely on the use of force for implementation, voluntary exchanges do not. Voluntary exchanges are generally considered to be Pareto improvements. A universal government that defines and protects property rights and then allows voluntary exchange to occur would work to increase universal utility but only if current people valued the utility of future generations.

## **Why the Definition of Society and Choice of Social Welfare Dimension Matter**

The implications of public policies on society radically change, even under a constant social welfare function, as the definition of society and dimension of utility changes. A policy maker who accepts the Rawlsian welfare function and applies it to achieve horizontal equity for members of a gated neighborhood in California in 2014 may view income redistribution from people who make \$5 million a year to people who make \$1 million a year as moral. That same policy maker concerned with vertical utility would want to examine the incentives caused by such income redistribution to the members of the gated community over the course of their lives. A yearly redistribution of income may lead members of the community to retire and enjoy a free ride off the utility generated from others until total utility is decreased over their lifetimes.

A policy maker concerned with group utility would want to know if such a policy would benefit the gated community as a whole. Would high earners move out? Would new low-income earners move in? If high utility members exited while low utility members joined, then the group's total utility would decrease with this policy. One concerned with generational utility would want to know the effects of such a policy on the children and grandchildren of the members of the gated community.

A policy maker concerned with universal utility maximization would want to know if such a policy improves the lives of the world's worst off people over time. Given that a transfer of income from one millionaire to another is unlikely to make the life of an impoverished third world child better over time, it would be difficult to claim that it makes society better off. As such, policy makers who pursue a Rawlsian social welfare function and seek to redistribute income or utility at less than the universal level must make a moral claim as to why others outside of the narrowly defined group do not count.

While the poorest millionaire in a wealthy gated community may benefit from an income or utility transfer from her richer millionaire neighbors, she would have income or utility redistributed from her to people suffering from absolute poverty outside of her community if society were defined more broadly. While she may decide that the former is moral in her eyes, she may be more reluctant to claim that the latter is moral. Low income Americans routinely claim that income transfers to them from millionaires is moral, while simultaneously opposing the redistribution of their own income to people in developing countries.

When making policy decisions at the US federal government level, should policy makers make policy decisions designed to help middle-income minority mothers of this generation or low-income immigrant children from the next generation? Should policy makers focus on policies that improve the lives of only their contributors or only the lives of people who belong to similar groups as do the elected officials? As discussions evolve regarding the debt crisis, considerations of generational utility become ever more morally imperative. The present rate of debt accumulation and its impact on slowed economic growth implies a directive for totally discounting the utility of future generations.<sup>26</sup> Are these actions moral?

The reality is that every policy maker makes a moral claim, explicit or implicit, regarding the policy they are advocating. To be sure, there is no universally accepted or practiced social welfare function that is agreed or acted upon by policy makers or the American public. Calls by politicians that their policies will improve society need to be met with the understanding that the politician's definition of society or welfare may be vastly different from that of others in the world. As such, it is likely that their policy prescription will be thought to be moral by some and immoral by others.

## **How Then Should Christians Define Society and Choose the Dimension of Utility to Maximize?**

The theological tenet of subsidiarity stresses that decisions regarding interpersonal relationships should be as decentralized as is consistent with the greater good. Pope John Paul II expanded on Pope Pius XI's conceptualization of subsidiarity in stating that

a community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to co-ordinate its activity with the activities of the rest of society, always with a view to the common good.<sup>27</sup>

While much discussion of subsidiarity has enveloped the need for government (the higher order) to not impede the rights and abilities of persons, families, businesses, or more local levels of government (the lower order), the concept of subsidiarity also suggests that actions and choices of more privileged societies (in time and location) should not impede the actions of less privileged societies.

Saint Augustine noted that,

All people are to be loved equally; but since you cannot be of service to everyone, you have to take greater care of those who are more closely joined to you by a turn, so to say, of fortune's wheel, whether by occasion of place or time, or any other such circumstance.<sup>28</sup>

Furthermore, the occasions of place and time have expanded drastically since Saint Augustine's time and are continuing to change rapidly alongside new technology and lower transaction costs. As circumstances are changing such that we buy products from sellers across the world that we never shall come into contact with, our definition of who is closely joined to us has morphed. Even those wishing to transact in the marketplace are bound by a common interest.<sup>29</sup> John Schneider encourages Christians to examine how "modern high-tech capitalism" has worked to alter the scale and scope of interpersonal interactions via the global marketplace.<sup>30</sup> Never before, in a practical sense, have the barriers of time and space between the world's neighbors been so easily overcome.

For example, many have argued that Christians and even secular society have a moral responsibility to support local markets over global markets. Karen Selick illustrates the fallacies of the "buy locally owned" argument as she demonstrates that buying locally does not always increase local utility, much less universal utility.<sup>31</sup> As our society has become more global, our connections have become much broader and our moral obligation much larger than ever before. As John XXIII aptly foresaw, one of the principal characteristics that seems to be typical of our age is "an increase . . . in those mutual ties, that is, which grow more daily and which have led to the introduction of many varied forms of associations in the lives and activities of citizens."<sup>32</sup> If people can help the world's poor by purchasing their goods in an open and competitive market, the idea of subsidiarity should dictate that higher levels of community not prevent such action. As Spieker observes, "In a dynamic and globally intertwined economy, the principle of the universal destination of goods assumes global significance."<sup>33</sup>

Christians are called by Jesus in the great commandment to "love your neighbor as yourself" (Luke 10:27). The parable of the good Samaritan illustrates that Jesus desired an inclusive definition of neighbor (Luke 10:30–37). We are reminded in John 3:16 that "God so loved the world," not just a local community or a specific

group. Limiting the definition of neighbor below a universal definition and attempting to maximize utility other than for a universal dimension causes policy makers to actively advocate policies that harm the least well off in the world.<sup>34</sup> In a prior article, we argue that the biblical call to love one's neighbor extends beyond the traditional definition of neighbor. This prior piece demonstrates that the act of changing the definition of society, while keeping the social welfare function unchanged, often results in opposing policy prescriptions.<sup>35</sup> Similarly, maximizing utility for a present society may limit the ability of future societies to succeed and in this way violate the principle of subsidiarity.

Time, space, kinship, and special interests should not artificially erect barriers to Christians' extension of the neighbor definition in showing love to all of God's children. Benedict XVI emphasizes this in his encyclical letter *Caritas in Veritate*:

Besides the good of the individual, there is a good that is linked to living in society: the common good. It is the good of "all of us," made up of individuals, families, and intermediate groups who together constitute society.... In an increasingly globalized society, the common good and the effort to obtain it cannot fail to assume the dimensions of the whole human family, that is to say, the community of peoples and nations.<sup>36</sup>

As a practical matter, Christians should morally reject public policies or decisions that cause harm to innocent people anywhere in the world, present or future. The same can be said for Christians when it comes to individual or business decisions. While Christian CEOs have an obligation to their shareholders similar to the obligation that politicians have to their constituents, their greatest commandment is to love their neighbor. As the Bible supports an inclusive definition of neighbor, CEOs and policy makers alike should consider the impact of their decisions and policies on society as a whole. As Guitian notes, "While carrying out its business activity, which is already a service to society, the business also understands that it is its responsibility to serve society (according to its possibilities and reach) with other initiatives aimed at the common good and frequently related to its activity."<sup>37</sup>

Harming innocent people through time or space in the name of personal success or business profits is not consistent with the Christian faith. This is true even if the politician or firm is taking an action that benefits constituents or stockholders while harming innocents, as harming others for the gain of a few would be showing favoritism. James states, "If you really keep the royal law found in scripture, 'Love your neighbor as yourself,' you are doing right. But if you show favoritism, you sin and are convicted by the law as lawbreakers" (James 2:8-9). Or, as the last verse is translated in the Contemporary English

Version, “But if you treat some people better than others, you have done wrong, and the Scriptures teach that you have sinned” (James 2:9). Certainly, policy decisions that do not factor in the universal impact over time and space do not take all neighbors into account.

How can policy makers be expected to realistically take all persons into account? At a minimum, policy makers should allow individuals, groups, businesses, and countries to make voluntary transactions that maximize universal utility. Policy makers would not be morally justified in erecting trade barriers between individuals or countries. Nor would they be morally justified in forcibly taking people’s incomes (income tax) or wealth (estate or gift taxes) merely to transfer money to politically powerful interest groups.

Families, groups, clubs, or even governments could still be used to pool resources to provide for the rule of law (defining and enforcing property rights), or pursue common goals or projects as long as it is done voluntarily and does not harm other groups. Vladimir Solovyov understood that man’s position in history and nature guided him to value family, fatherland, and humanity in that order. Nevertheless, he stated that actions taken by those subgroups should still treat nongroup members in an ethical fashion. “The demand to love other nations as our own does not at all imply a psychological identity of feeling, but only an ethical identity of conduct. I must desire the true good of all other nations as much as that of my own.”<sup>38</sup>

There is little doubt that macro-social welfare functions would be impossible to implement absent a single world governing body and would in fact constitute an attempt to immanentize the eschaton.<sup>39</sup> However, those who claim a moral high ground for applying these functions at anything less than the universal level leave themselves open to falsely suggesting that policies that harm the poorest in the world are in fact morally superior.

## Conclusion

Policy makers routinely ignore the underlying moral claims they make when suggesting a policy is good for society. A true understanding of the issues involved in the creation of social welfare functions would cause policy makers to address not just the type of social welfare function they seek to maximize but whose utility they seek to maximize over time and space. Even more troubling is the lack of attention in the academic literature to the issues of social choice. As a result, students are taught to blindly act as a benevolent dictator while taking dubious moral claims as givens. Consequently, the policies they design and implement fail to carry true moral meaning or justification.



The climate of the current debt crisis in the United States and other countries has reiterated that politicians seem to be more concerned with debating the details of what to cut or add to their budgets than the reasons behind taking such actions. The education of policy makers should begin with the question “why” before they can logically proceed to “what.” To simply answer the former with, “for the good of society” without an understanding of what “good” or “society” means leaves much to be desired in the answer. A proper answering of those questions reveals that the majority of public policies implemented for the good of society merely increase the narrow utility of a certain group of people at a specific time, while typically decreasing universal utility.

While this article does not determine which social welfare function is biblically superior, it does suggest that, at a minimum, Christians should support policies that are welfare maximizing for a universal definition of society throughout space and time, as that is what mostly encompasses a biblical “neighbor.” Moral public policy makers should ensure that voluntary Pareto improving transactions are not obstructed or restricted to subgroups of people or to the current generation. In effect, the vast majority of public policies implemented for “the public good” do not increase universal utility, and so public policy should interfere less rather than more with voluntary transactions.

The burden of public policy advocates who wish to further restrict voluntary transactions should be to show that the intended and the unintended consequences of their proposed policy do not harm people outside their narrowly defined society. While this would undoubtedly lead to a higher moral standard, it would result in fewer new public policy initiatives, and may be unsatisfactory to those who would rather do something immoral than do nothing at all.

A true understanding of social choice over time and space reveals the immorality of many current public policies. This, of course, may explain why social choice remains an underdeveloped discipline. It is much easier to think oneself moral than to prove one’s morality to others.

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