

THE ECONOMICS OF HUMAN BETTERMENT

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THE ECONOMICS OF HUMAN BETTERMENT

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Edited by Kenneth E. Boulding

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Foreword

KENNETH E. BOULDING

The enterprise to which this volume is dedicated, modest as it may be intellectually, is one of great potential significance for the human race. I have rashly called this a ‘hundred-year research project’ in what might be described academically as ‘normative analysis’. It has two parts: first, what do we mean by things getting better rather than worse, and second, as we improve our concept of betterment, how do we in fact make decisions which lead to betterment? We are unlikely to come up with single or simple answers to either of these questions. Human valuations are very diverse; they may be co-ordinated, but they are rarely amalgamated into a single pattern. Similarly, it is very difficult to get accurate images of the immense complexity of humans and their environments, to form realistic agendas for decision and choice. Nevertheless these tasks are not hopeless, and careful scholarly investigation can improve both our images of the consequences of decision and our ability to choose among them.

When one thinks of the immense amount of human misery that has been caused by decisions that might have been made otherwise, in terms of ‘war, dearth, age, agues, tyrannies, despair, law, chance’, as John Donne puts it, and even chance might be reduced by greater knowledge, it is hard not to believe that the careful study of human betterment would not lead to an immense enhancement of it.

Economics should have a key role in this study. It is the discipline that concentrates most on human valuations, and on decision and choice. Welfare economics may not come out with a single answer, but it asks very good questions, and we should not be ashamed of it. Positive economics studies the consequences of decisions in an important segment of the real world, and improved knowledge of it should make bad – because ill-informed – decisions less frequent. Parts of the real world are indeed beyond economics, but economics is a good place to begin. As is *The Economics of Human Betterment*.

I welcome this volume, therefore, as a harbinger of greater hope for

the future. The meeting of the British Association at which these papers were presented was a stimulating and exciting occasion, and I hope this volume will provoke in a wide circle the same quality of discussion.

Neither the meeting nor this volume would have come into being without the energy and devotion of David Reisman, the Recorder of Section F. All of us who have participated in this enterprise owe him a debt that no mere words can repay.

For myself, this return to the land of my birth and my youth was a privilege and pleasure not easy to express. Sometimes, in spite of Thomas Wolfe, one can go home again, and to find it so alive and significant was indeed a 'treasure without measure'.

Introduction

DAVID REISMAN

The Economics of Human Betterment is about three things. It is about betterment – a change or process – and thus about institutions and nations as they evolve. It is about *human* betterment – it is man and not the crocodile that God created in His own image – and thus concerned with perceived welfare, basic human needs and goals at which we not only aim but ought to aim. It is, finally, about economics – but about means the means, not means the ends – and thus asks in what way productive activities (whether free market or planned, whether in developed or in developing countries) influence essential human values and in what way they are influenced by them. Our book is not a *how to* but a *why* book. Interdisciplinary where appropriate, it is never so abstract, so formal, so deductive that it conceals what in my view must be the key point in all of economic theorising and practice – that economics is about people first and about things only in so far as they contribute to human betterment.

The book opens with Professor Boulding's Presidential Address. In it he acknowledges the current mood of pessimism concerning the GNP and other indices of well-being – but also says that wider economic and social considerations suggest to him that things *can* go from bad to better. He mentions the role of the state in economy and society and in that way alludes to one of the central questions in our book: to what extent (minimal, maximal, moderate) can the whole do what the individual parts cannot?

Human betterment is difficult to quantify, but two of our contributors show none the less how this task of measurement might be approached. Muriel Nissel presents a variety of indicators (subjective and objective, economic and social) and draws attention to work on time-use which, in fact, is taken further in the next paper, that of Jonathan Gershuny. Gershuny notes how difficult it is to interpret empirical data (as where what looks like leisure reveals itself upon closer inspection to be unpaid work), but, after allowing for

methodological difficulties, proceeds to an analysis of results collected by himself and his colleagues. His attempt to disaggregate data by class and sex raises the question ‘*Whose human betterment?*’

The next two papers are about human betterment in developed societies. David Simpson notes the weakness of normative constraint and self-discipline in the modern mixed economy, but does not predict the disappearance of that compromise economic system. Michael Kaser, writing about Soviet-type planned economies, has a great deal to say as well about constraint and discipline, but of the external rather than the internalised form, namely the political coercion and limitation of choice which he finds prevalent in Eastern Europe. He notes that in Soviet-type economies human betterment would seem to wait upon better economic analysis; and he reflects that the social outcomes of economic policies are themselves in command economies frequently neglected by the authorities.

The book then turns from the Occident to the Orient and considers three countries in two papers. Radha Sinha, writing about India and Japan, identifies both the impact of culture upon the economy (the case of caste in India) and of economy upon culture (witness the decay of the invisible welfare state of the family in societies increasingly characterised by mobility and consumption); and says that one of the more serious costs of economic growth might be loss of social harmony. Lim Chong-Yah, writing about Singapore, shares Dr Sinha’s concern with cultural norms, but paints a more optimistic picture. Using a wide range of indicators (reminding us in places of the kind of criteria suggested by Mrs Nissel in her earlier paper), he says that Singaporeans in the period since 1959 have not only benefited from a greater number of air-conditioned cinemas, but have shown in addition a greater willingness to donate blood to help unnamed strangers. One of the most universal indices of human betterment is, in my opinion, the spontaneous incidence of precisely such acts of altruism and generosity.

Indeed, it is precisely at this point that the book turns to the problems of sharing and common well-being which occupy the last four chapters of the volume – four chapters which raise fundamental issues about welfare. Welfare, equality, justice and the political Good Samaritan. Antony Flew, presenting a philosopher’s perspective on betterment, asks whether the state ought, Procrustes-like, to make us all more equal and reminds us that perceived freedom and subjective self-determination are to most of us an important part of human betterment. I, in my paper on T. H. Marshall’s approach to the theory

of the middle ground, raise some doubts as to whether a community becomes more caring as it becomes more wealthy and speculate on whether political democracy might not cause market values to spread into the welfare state itself. The book then proceeds to an important theoretical model of welfare by David Collard – a model which considers the links between altruism, interest and collective consumption, and reaches some surprising conclusions – and concludes with a paper by Michael Ellman depicting how the Dutch dealt with their slow rate of economic growth by scrapping a significant part of institutionalised altruism. Ellman's paper is in a sense a sad one, for it seems to indicate that, in one case at least, welfare did not temper egotism, but was instead defeated by the selfishness of the invisible hand. Perhaps, however, just as a society can have an excess of physical capital, so it can have an excess of moral capital; and perhaps, therefore, a charitable observer might want to argue that what the Dutch were doing was in truth no more than bending the bent rod so as to make it straight again. Regrettably, it is in the social sciences often far easier to argue than to prove.

* * *

The study of how human beings evaluate total systems is a legitimate, though difficult, field of academic endeavour. It cannot reach indisputable conclusions, but it can guard against major errors in the performing of such evaluations. If our book has a purpose, it is no more – and no less – ambitious than this.