# A Theory of Moral Reasoning: Ethics and Scarcity Dustin Darcy (Oct. 28 2018, updated Jan 28 2018)

In this paper I argue morality is largely a function of scarcity. Adam Smith, considered the founder of modern economic theory,[[1]](#footnote-1) the scientific study of scarcity, was professionally a moral philosopher. This detail about Adam Smith’s professional life is largely unknown to the general public despite the fact that Smith’s second most famous work is titled *The Theory of Moral Sentiments*. Most economic studies focus on the positive or objective ways to measure economic exchanges not the normative qualities that specify what economics should or could entail in terms of social consequences. Only in the last several years have behavioral scientists like Princeton’s Eldar Shafir conducted psychological studies paired with economic analysis, establishing a new field of study now known as behavioral economics, and demonstrated more accurate test results than what classical ‘homo economicus’ models predict based on cold rational choices as favored by Austrian and Chicago school of economics minded economists like Milton Friedman. This has tie-ins to other moral theories including Kant’s deontological categorical imperative extending all the way to ancient moral philosophers studied over the course of history from the Stoics, like Marcus Aurelius’s work *Meditations*, to Aristotle’s famous *Nicomachean Ethics*.

Scarcity affects all human judgments right down to how and why we decide something is moral or immoral. The main thesis I present here is that if there is *no loss* or if there is nothing that is scarce then the matter at hand is not a hard-moral dilemma and potentially not even a moral problem at all.

To demonstrate why this has to be at least somewhat true, imagine a simple scenario where a gamer loads into a multiplayer video game like *Call of Duty* and verbally tells another player “I’m going to kill you”. No one would particularly care. Now say the same thing to a Senator in a public place. Law enforcement would quickly become involved and the person making the threat would likely end up in jail.[[2]](#footnote-2) Obviously killing a character in a video game is not a moral issue because there is nothing permanent about the action and everyone involved is a willing participant. The same can’t be said about killing a person in real life. On the other hand, returning to the game example, if the person who made the threat *could* permanently kill a character in the game world the issue would start to enter the realm of a moral dilemma because there would be a real loss with actual costs associated with the action.

A deeper way to investigate this is to look at what scarcity is from an ontological position. In economics scarcity is a condition that exists when current resources are inadequate to provide for all of peoples’ wants. As supply decreases and demand increases, costs increase. Therefore those with the deepest pockets have access to scarcer resources than those with less. Hence, inherent in scarcity, and therefore economics, is a nominalist class system.  This economic definition of scarcity is deeply rooted in Jean-Paul Sartre’s ontological view of scarcity. To quote Elizabeth Bowman and Robert Stone's summary of a 1965 Cornell lecture on *Sartre's Morality and History*:

“*Life in the biological sense can either be an imperative, a value, or a good, depending on the social class of the agent. For the unfavored, life is a fundamental exigency, an imperative. For the middle class, it is a value to be produced and reproduced. For the privileged, it is a good that is automatically preserved by the labor of others and, as such, is a means for realizing other supposedly more worthy norms.*”[[3]](#footnote-3)

This explanation for how we behave at a very fundamental level translates very neatly in to socio-economic strata: those that have access to everything they desire; those that compete for the remainder; and others who get little to nothing.

It also strongly suggests scarcity implies a theory of moral reasoning. Put another way when demand is sufficiently high and a resource, *R*, approaches zero the money involved to acquire the resource conversely approaches the ceiling, *Mc*. Meaning if there are three people in the world, one seller (*P0*), and two buyers each with equal sums of cash (*P1 = P2*), money would no longer determine who gets the resource as there would no longer be a monetary inequality (i.e. *R = Mc*; and, *Mc = P1 = P2*). The person receiving the item would either be randomly drawn in a lottery, selected due to favoritism, picked based on a majority vote, or given the item based on the *moral-code* of the community; to wit, modes of moral reasoning.

To go one step further, let’s say the resource is a single unit of food during a famine. A few methods to rationalize who to allocate the meal to is to pick the person who is best likely to keep the group alive, to offer it to the person who hunts or forages, or if the group is being generous provide it to the person who most needs sustenance.

Introduce a fourth person (*P3*) and two of the three can now increase their odds to acquire the resource by using their greater purchasing power to collectively buy the item. (P1 + P2 > P3) or (P2 + P3 > P1), et cetera. Thus in effect two people out-purchase another not because they are individually more capable or deserving but because they came up with a way to game the system.

This predicates a moral dilemma. Should an unregulated monetary system[[4]](#footnote-4) replace actual human value judgments[[5]](#footnote-5) on issues that affect the entire group? Thus economics, especially as it relates to scarcity, implies a theory of moral reasoning or at the very least provides an excuse to circumvent and ignore moral reasoning.

It also suggests that if two people ally themselves, as in the above example, that they'll almost always hold the majority position and therefore acquire any sufficiently scarce resource. Again, clearly scarcity implies a class system and therefore a mode of, hopefully, sound moral judgment to determine who falls where in the structure.

As described by Leach, "In a class system social status and economic security go together." (Leach 6)

 This is why even with a system like a meritocracy, where things seem as fair as they humanly can be, where merit (IQ + effort = merit) is based upon capacity to do a particular job, even in its most idealistic form a meritocracy isn’t a utopia because if the soil creates castes, the machine manufactures classes – classes to which people can be assigned by their achievement or ascribed by wealth at birth. In other words, waxing less poetic, in the here-and-now of the 21st century "wealth at birth" still largely determines social status. In switching to a pure meritocracy we would exchange one class system for another. One where those who are the smartest and strongest percolate to the top; a lower tier of people who are middling in talent; and a bottom tier of those who, whether through personal fault or because of genetic disposition, find themselves licking the boot-heels of the upper echelons of society.

"The machine manufactures classes" in the sense that we fall in to social classes because as a group we collectively, though perhaps unconsciously, promote societal stratification. I suspect this is in no small part due to the marriage of scarcity with a mode of moral reasoning, particularly cultural value-systems.

For example, in the past humanity strongly believed in theocracy. Thus our ancestors lavished monies on religious authorities and places of worship. Later humanity chose to believe that certain people were blessed by deities or felt that certain individuals were greater than the common man. So the proletariat gave an inordinate amount of public wealth to kings and queens. Now we have a society that votes people in to position based on popularism. Thusly we throw money at celebrities and politicians.

Like any class-based system where social class is strictly defined, a meritocracy can just as easily be a dystopia as it can a utopia. Michael Young's *Rise of the Meritocracy*, the book that first coined the term meritocracy, describes just such a scenario. In this sense all ideologies are classist because all systems, meritocracy's included, fundamentally inherit the class structure as it's embedded in the very notion of scarcity.

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1. Hanley, ix [↑](#footnote-ref-1)
2. Fink 2018 [↑](#footnote-ref-2)
3. Catalano 57 [↑](#footnote-ref-3)
4. Cf. Positive Economics [↑](#footnote-ref-4)
5. Cf. Normative Economics [↑](#footnote-ref-5)