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Utility Maximization, Morality, and Religion

Jonathan E. Leightner

One of the most important foundation stones for neoclassical economics is utility maximization theory. This theory assumes that all choices are made to maximize the chooser's utility, happiness, or pleasure. The theory can be expanded by explaining that what maximizes a chooser's utility, happiness, or pleasure is achieving his or her goals. Goals can run the entire gamut from complete self-indulgence to saving others (a goal that may require self-sacrifice, as it did for Martin Luther King, Jr., Mother Theresa, Jesus, and Buddha). Because all goals are accepted, utility maximization theory can be used to explain all choices including marriage, terrorism, altruism, raising families, war, and so on. Neoclassical economists are proud that this theory can explain every possible choice.

In order to maintain the universal applicability of utility maximization theory, neoclassical economists refuse to judge one set of goals as better or worse than another set of goals. The judging of different sets of goals is left to the philosophers. We will begin this paper by examining what philosophers say about judging different goals. For the purposes of this paper, moral philosophers fall into two major groups: (1) those who argue that to be moral, I must treat others the same as I treat myself and (2) those who argue that I should develop myself to the fullest extent possible.

Utilitarianism is a tradition that requires that I treat the welfare of others the same as I treat my own welfare. Jeremy Bentham (1914) argued that we should make the choice which gives the greatest happiness or benefit to everyone involved. Francis Hutcheson said that "the right thing to do is that which is likely to produce the greatest happiness for the greatest number of people" (Thompson 2003, 67). Peter Singer suggested that it is a good idea to ask affected people what their preferences are, but all preferences for everyone should be treated equally (Thompson 2003, 72). Under

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utilitarianism, I am forbidden to rank my own happiness as more important than anyone else's happiness.

John Rawls (1958, 1971) proposed two principles for creating a just society: (1) each person should be allowed the maximum amount of liberty that is compatible with everyone else having the maximum amount of liberty and (2) inequalities should be allowed only if it is reasonable to believe that the inequalities will be most beneficial to the least well off. The first of these principles takes precedence over the second, and the first requires that everyone's "liberty" be considered equally. Joseph Fletcher, who developed situation ethics, said that when I make a choice, it should be the most loving option that I have (Thompson 2003, 51–52). Love requires that I place others on at least an equal basis with myself.

The categorical imperative, as developed by Immanuel Kant (1927a, b), requires two things: (1) that I make only choices that I could change into universal laws for everyone and (2) that I treat other people only as ends, and never as means. Changing choices into universal law would result in giving equal weight to everyone. The second of these rules is logically inconsistent with utility maximization because, according to utility theory, everything I do is a *means* to increase my own utility. For example, utility theory would say that my giving money to a homeless person is done to increase my own utility, which implies that I am treating the homeless person as a means, not an end.

All of these ethical theories directly imply that, to be moral, I must (as a necessary but not always a sufficient condition) place everyone else on the same level as myself when making choices. In contrast, utility maximization, as taught by economists, places 100 percent of the emphasis on the chooser's utility. Under utility maximization, I will do things that increase the utility of others if and only if that increases my utility. My utility is primary. Most important, it is theoretically impossible to imagine everyone having utility functions in which everyone else's utility has a weight equal to the chooser's utility because such utility functions would be infinitely recursive. This does not mean that it is impossible to be moral. Instead, being moral requires that I use rationality to separate my thinking from my own utility function. If I can divorce my thinking from my own utility function and view everyone on an equal basis, then I am more likely to make choices that produce the maximum good for the maximum number of people. Furthermore, then I can make choices that treat people as ends, not means.

Perhaps neoclassical economists will feel more kinship with the philosophers who emphasize personal development instead of emphasizing treating everyone the same. There are three primary advocates of ethics based on personal development: Niccolò Machiavelli, Friedrich Nietzsche, and Ayn Rand. However, even these philosophers would reject the economists' approach of accepting all goals. Machiavelli argued that states prosper when they are controlled by powerful leaders who maintain stability (1940). Thus, the rulers' primary goal should be to gain and maintain their power. Machiavelli would reject leaders like Jesus, who taught that people should "turn the other cheek" and willingly allow themselves to be crucified. Nietzsche would agree with

Machiavelli. Nietzsche bitterly rejected the goals and teachings of Christianity ([1888] 1978b, 624–626). He advocated the goals of power, superiority, and self-control ([1892] 1978a). Rand valued individuality and power. She adamantly opposed communism or any other system that suppressed the individual. Unlike economists, philosophers that advocate personal development applaud some goals and condemn others.

Religions tend to take the path opposite of that of Machiavelli, Nietzsche, and Rand. Religions tend to emphasize self-sacrifice. The primary obligation in Buddhism is to end one's own desires. Hinduism focuses on eliminating the illusion of individuality. Muslims are urged to submit themselves to Allah, and self-sacrifice for Allah is strongly encouraged. The primary story underlying Christianity is of an all-powerful God who willingly gave up his power to become man and allowed himself to be crucified as a sacrifice for mankind's sins. Christianity teaches us to be like our God (Leightner 2003, 2004). Major world religions clearly do not accept all goals.

Utility maximization places the self in the center. Religions tend to require self-sacrifice. Most philosophers (with the notable exceptions of Machiavelli, Nietzsche, and Rand) say that we should consider everyone on an equal basis. All moral philosophers, including Machiavelli, Nietzsche, and Rand, say that some goals are good and other goals are bad. Utility maximization unquestionably accepts all goals.

Possible Responses to the Above Argument

Pareto Optimality Is Economics' Answer to Morality

Some economists might argue that economics has its own moral theory, called *Pareto optimality*, which is logically consistent with utility maximization. *Pareto optimality* is the notion that we should take any action that would increase someone's utility without decreasing someone else's utility. In an earlier paper (Leightner 2003, 319), I wrote: "The only times a person can make ethical recommendations using Neoclassical economics is when someone's utility can be improved without reducing someone else's utility. The danger with this perspective is clearly seen by realizing that normative Neoclassical economics would have to remain silent on issues like slavery, child prostitution, and child abuse, because changing these situations would reduce the perpetrator's utility."

Furthermore, different income distributions create different Pareto optimal solutions. Because economics provides no way to judge between different Pareto optimal solutions, most economists just assume the current income distribution and refuse to discuss what is the "best" income distribution. This approach pleases those of us who are relatively wealthy and powerful. It is judged as extremely inadequate by those who are poor and disenfranchised. Any moral theory is inadequate if it cannot judge that slavery, child prostitution, and child abuse are wrong. Any moral theory is inadequate if it cannot judge between different distributions of assets. Any moral theory is inadequate

if it cannot judge between the goals of Son of Sam and of Mother Theresa. There is a well-developed tradition among the institutionalists of finding Pareto optimality inadequate. Furthermore, some philosophers have raised similar objections to preference utilitarianism (Sober 2001, 436–445).

Apples and Oranges

Perhaps some readers will argue that utility maximization is just a descriptive model and, as such, is amoral (Rose 2004). These readers may respond to my argument by saying that it has no place in economics. Economics courses are for economics, and philosophy courses are for philosophy. We should not mix apples and oranges.

However, when we call utility maximization “normal” and “rational,” our students hear an endorsement of utility maximization (our culture associates “normal” and “rational” with “good”). By implying that utility maximization is good, our students hear a moral obligation. Then when we refuse to judge between possible goals, our students hear the implied message that any goal is “OK.” Goals to help others are not better or worse than goals that involve complete self-indulgence. Even if I, as a teacher, see utility maximization as an amoral model, most of my students hear moral implications when I call utility maximization “normal” and “rational” (Leightner 2004).

In the later section on “Agreement,” I suggest that teachers of utility maximization warn their students against improperly imputing moral content where none is intended. Surely, those who do not want to mix apples and oranges would not object to such a short warning.

What the Philosophers Want Is Impossible

Some readers may react to my argument by claiming that the philosophers ask for the impossible—that it is impossible for me to think outside of the context of my own goals. Consider the following response to these readers. First, we do think “outside of our utility functions” when we decide what goals to put into our utility functions. If I cannot think outside of my own utility function, then I would never be able to change the goals that give me utility. Almost everyone, in growing and developing, changes his or her goals, and, thus, what gives him or her utility. If we can step outside of our own utility functions to rationally consider what we want to include in our utility functions, then we can rationally put ourselves into other people’s utility functions in an effort to consider other people’s utility when making moral decisions. Furthermore, many people have an ability to empathize with others. Empathy entails being able to “imagine” what it feels like to be someone else. Adam Smith wrote, “We can never survey our own sentiments and motives, we can never form any judgment concerning them, unless we remove ourselves, as it were, from our own natural station, and endeavour to view them as at a certain distance from us. But we can do this in no other way than by

endeavouring to view them with the eyes of other people, or as other people are likely to view them" ([1854] 2000, 161).

Even if someone is incapable of empathy, there are rational ways to find moral answers. For example, Rawls suggested that we make decisions as if we did not know what role we would play (1958, 1971). Mao Tse-tung implemented such an approach when he redistributed the assets of the land lord class in China. He gathered all of the most respected leaders of a village and told them to divide the total assets of the village into piles that had as close to equal value as possible—one for each household. A number was assigned to each pile, and the numbers were placed in a bucket for the head of each household to draw. Each household got the pile of assets that was associated with the number drawn. Thus the people dividing the assets knew that they would receive one of the allocations, but not which one. This gave them the incentive to create as equal piles of assets as possible (Hinton 1966).

Finally, many of the world's greatest heroes were people who could and did think beyond themselves to a greater good. These are people who sacrificed themselves for others. Consider Jesus, Buddha, Martin Luther King, Jr., Mother Theresa, and Mohatma Ghandi. Compare the deeds of these people to the deeds of Adolf Hitler, Son of Sam, and Nero, who were very good at maximizing their own utility to the detriment of others. Clearly, there is a need to judge some goals as good and others as bad. We want to encourage people to be more like Mother Theresa and less like Hitler.

Other Economists Have Already Said What I Am Saying

Perhaps this response is correct. There is a vast literature relating ethics to economics (see Hausman and McPherson 1993 and Stevenson 2002), and I have not read it all. What I have read seems to fall into distinct categories. Part of this literature shows how values affect economic outcomes and vice versa. Part of this literature rediscovers the classic economists, like Smith (e.g., Wight 1999). Some of this literature consists of contrasts between ethical and economic decisions. Some of this literature decries the state of economics as unnecessarily contaminated by moral agnosticism (e.g., Ayres 1961). Some of this literature consists of passionate pleas for us to teach more ethics in our economics courses (e.g., Wight 2003).

However, the vast majority of the ethics/economics literature tries to fit ethics into the utility maximization framework. Some of the authors of this literature argue that acts of altruism fit into a utility function in the same way that a Hershey's chocolate bar does. They argue that I will conduct another act of altruism if such an act will provide me with a greater amount of additional utility per dollar of additional cost than all my other alternatives will. This view still puts the self in the center. In contrast, morality consists of placing others on the same level as myself. Smith said this, but if modern day economists have said this, then what they have said has not been heard enough to make a noticeable difference. Furthermore, I have not heard of anyone who has made the observations that religions differ from ethics in that ethics requires that I give everyone

(including myself) equal consideration, whereas religion requires self-sacrifice (Soren Kierkegaard did contrast ethics with the self-sacrifice of Christianity). Self-sacrifice is logically inconsistent with utility maximization.

Agreement

To those readers who agree with me, I respectfully request that they add a short qualification to their teaching of utility maximization. For example, after explaining utility theory (and we must explain it for it is a major foundation stone of economics), the teacher could add, "Please note that according to utility theory, everything is done for the self and all goals are blindly accepted without judging some goals as better than other goals. According to philosophers, morality requires that I judge some goals as good and others as bad. Furthermore, most moral philosophers would argue that morality requires that I place other people's welfare on the same level as my own."

Conclusion

I believe that morality requires that we judge that some goals are good and other goals are bad. Utility maximization theory accepts all goals as given and does not judge some goals as noble and others as wrong. Please understand that I believe that most goals are neither good nor bad. However, the goal of the terrorist to spread hate and division and pain is bad. The goal of Mother Theresa to relieve the suffering of the poor in India is noble and good. Utility maximization, in and of itself, does not judge between the goals of the terrorists and the goals of Mother Theresa.

If I do not add a moral code to utility maximization, then I cannot punish the criminal. Punishing a criminal reduces his utility and, thus, is a movement away from a potentially Pareto optimal solution. If morality is not added to utility maximization, then there is never reason for any one to feel guilty or to repent. If the only criteria that I have to judge acts are whether or not they maximize utility, then all acts that I actually choose were the "best" choices at the time.

If I do not add a moral code to utility maximization, then "everything is OK." There is no judging of right and wrong, there are no virtues or vices, there is no good and bad. All people are judged as equally selfish—all make choices solely on the basis of what maximizes their own unique utility functions. Mother Theresa and Hitler are indistinguishable.

We need both economists and moral philosophers to create a just and efficient world. We also need to tell our students that they need to carefully choose what goals to include in their utility functions so that they can be moral and productive citizens.

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