

Lund University
Department of Political Science

STV004
Instructor:
Gissur Erlingsson

The Struggle for Moral Authority –
A rational choice answer to the question of why human beings engage in political struggle

Author:
André Hansson

Abstract

Given the assumptions of rational choice, this essay explicates the distributive consequences of different ethical positions and how the relationship between ethics and distributions provides a rationale for a struggle for moral authority for the purpose of procuring distributive shares. The argument provides a partial answer to the question of *why* there is political struggle in all human societies. It is presented first by clarifying the relationship between individual acts and their distributive consequences in a hypothetical state where morals do not exist. Ethical considerations is then introduced as a constraint on choice for the purpose of clarifying how different ethics alter individual utility functions and hence what acts people choose to undertake. Subsequently the distributive consequences appear to be variant under different ethical constraints.

Keywords: ethics, distributions, economic theory, moral theory, moral authority

List of Figures

Figure 1 – Outcomes of Acts in an Edgeworth Box	16
Figure 2 – Allocations of Benefits with a Contract Curve	18

Contents

Introduction: The struggle for moral authority	4
Moral Authority and the Struggle for Distributive Shares	4
The Problem explained	4
The Purpose of the Essay	5
Methodological reflections	6
A Note on Notes	8
The Relationship Between Acts and Distributions	9
The Amoral versus the Moral State	9
Acts and Social Acts in the Amoral State	11
A Theoretical Framework for measuring Distributive Consequences	14
The Relationship Between Ethics and Distributions	19
Ethics as constraints on Acts	19
Two Ethical Positions	20
The Ethical Positions and their Distributive Consequences	24
Conclusion	29
The argument reviewed	29
Summary	30
References	31

Introduction: The Struggle for Moral Authority

Moral Authority and the Struggle for Distributive Shares

Why do people struggle for moral authority? It is perhaps the most fundamental of all political questions. You think you are right, I think I'm right. You try to assert your moral authority over me and I over you. It is the very background for politics. Social movements, political parties, special interest groups, individuals, all have their ideas on the ideal society and the entire struggle of politics is arguably about what ideal is *the right one*, what ideal that represents *good* society.

But why do people engage in this struggle? It is a question that is rarely studied—it is often just taken as a given in social science. It is more common to study how this struggle for moral authority is conducted by various parties, what results the struggle has and by what methods people assert moral authority. Occasionally, a normative study surface which tries to determine what society *ought to be*. But rarely is the question of *why* the struggle takes place tackled.

One can quickly think of several answers to the question. People want power, or perhaps that it is human nature to want to be right, but these answers aren't very enlightening. Power, for instance, is for most people just a means to an end, not an end itself. Saying that people want power just passes the question on to another one—why do people want power?

The answer this essay proposes to the question of why people struggle for moral authority is that there is a distinct relation between ethics and distributions of social benefits. People have goals in life and in their relations with others they try to procure the social benefits needed to fulfill them. A specific ethical belief system implies, I will attempt to demonstrate, specific distributive norms with the implication that whoever defines ethics also defines the social distribution of benefits. Given certain assumptions about human behavior, namely those of *rational choice* perspective, moral authority will allow whoever holds it to alter social distributions to their own advantage.

The Problem Explained

The purpose of this section is let the reader get a quick sense about the ideas presented in this essay. It also functions as a general declaration of content and what to expect in the pages to come. The concepts herein will of course be developed as we go along.

The basic idea here is rather simple. It is assumed then that people are rational actors who make choices according to some set of preferences and these actions have distributive consequences. We derive satisfaction, pleasure, or in the economist terminology, utility, from doing the things we choose to do. Whether it's a trade of goods, of words, of compassion, of love, of whatever, benefits of some kind are generated for the actor. The procurement of such benefits is taken to be why we act in the first place. When people act in some interconnected manner, that is, when the outcome of some action I do somehow, either directly or indirectly, affects the actions, or the outcomes of your actions, there will be distributive consequences. Some benefits will go to me, some will go to you.¹ The benefits will be distributed between us in some fashion depending upon what kind of acts we undertake and how we value the outcomes of such actions (cf Schotter, 2001; Rosen, 2002 on the simple exchange economy). Any act generates benefits, and anytime more than one individual is involved acts have some distributive consequence.

In all social groups there are some rules for what one may and may not do. Every society has had some set of moral rules that delimits the array of actions available to its individual members—no society has ever said that anything goes under any circumstance (cf. Nozick, 2001:239). Enter ethics. The function of ethics here is taken to be a provision of some schema for categorizing actions into *right* and *wrong*, or *good* or *bad*, whichever term you prefer. Ethics are a schema of some sort, possibly like ‘all acts with property ‘P’ are right’, where ‘P’ would then be substituted for some moral principle. Perhaps it is ‘adherence to a set of rights’, or ‘maximizing social utility’ or even ‘being commanded by X (for instance, God or a dictator) (cf, Snare, 1992:5 et seq.). Ethics delimit the array of normatively desirable actions in accordance with this moral principle, and since actions result in different distributions, one may plausibly consider, it is argued in this essay, that ethics have delimiting effects the array of desirable distributive outcomes. Ethics can, in other words, be seen as some normative function for desirable distributive outcomes.

But ethics don't just come out of nowhere, of course. It is, at least to a nontrivial extent, defined by ourselves. One political implication of this is that individuals (or groups of individuals) might engage in a competitive struggle for moral authority since whoever comes out on top in such a struggle will see the social distribution of benefits swing in their favor (cf. Knight, 1992). In the language of the economist, whoever defines the ethical foundation of a society will also define that society's social welfare function.²

¹ Cf. the of the exchange economy in economic theory, i.e., the Edgeworth Box which is referred to extensively in later sections of the essay (cf. Schotter, 2001; Rosen, 2002).

² The Social Welfare Function is generally taken to be the aggregate of individual utility functions and describes the demand for goods for the entire society as opposed to a single individual (cf. Rosen, 2002:42): It might also be of interest to digest the massive literature on the problems of aggregation from individual utility functions to a social utility function including Arrow's famous theorem (1951) and Sen's writings on the possibility of social choice (Sen, 1997).

The purpose of this essay

The breadth of this problem is daunting and cannot possibly be exhausted in a single thirty-some page essay. Limitations will have to be made. On the one hand we have the relationship between ethics and distributive consequences. This piece is of course paramount—if we cannot sift out such a relationship the whole idea that imposing moral authority in a social situation to alter distributive advantages falls flat. There would be no problem. On either side of this *centerpiece* one may discuss, among other things, the nature of rationality and what methods that are used to enforce a particular morality. Granted, a possible relation between ethics and distributive consequences does not mean that moral struggle for distributive shares will automatically follow. If one wishes to be precise (and why should one not) it only explicates a possible way for people to enforce their morality on others. People could conceivably choose not to engage in moral struggle (assuming it is a matter of conscious decision) despite having the opportunity to define the ethics of their social group. The claim that they will do so is a consequence of the rational actor perspective. However this assumption may be unraveled in thousand and one ways, but the nature of rationality is beyond the scope of the essay.

On the other side one may wish to discuss the methods of how such struggle may proceed. For instance, it is arguably so that in countries like Sweden, Denmark, Germany, The United Kingdom, to name a few, the massive labor movements of the Twentieth Century could enforce moral authority by popularizing the social democratic idea, by building massive corporatist social structures and so on. Further one may discuss leadership issues, indoctrination, suasion, and theories about popular opinion etc. But these issues, however interesting are beyond the scope of the essay. They are also studied much more often than the question of *why* people struggle for moral authority

The purpose of the essay is then to explicate the relationship between ethics and distributions of benefits, that is to say, how do ethics set the rules for what actions, and hence for what distributive consequences, are normatively desirable. This *centerpiece* gets all the attention and all other considerations are left for future essays (or for other researchers). The unraveling of this relation will be routed via, first, a clarification about the distributive consequences of human interaction in some (slightly artificial) environment where we hypothetically think away the existence of morals. Then second via the introduction of ethics, defined as mentioned above, as some schema for categorizing human acts into good and bad, and a discussion of how such ethics may alter distributive consequences of actions. Two examples of ethical positions will be used to illustrate the different consequences of acts under ethical restraints, namely a *utilitarian* and a *libertarian* position (a Nozickian libertarian position to be more precise) (Kymlicka, 1990; Nozick, 1974).

Methodological reflections

The first thing that should be mentioned is that this is not a study of *normative ethics*, that is, it is not the purpose of this essay to provide answers to the question of *right* and *wrong*, or in other terms, what ethics *ought to be*. The proper designation for this essay is rather something like ‘a framework for deciding the distributive outcomes of different ethical positions’. It is neither an attempt to determine in detail what the distributive consequences of particular ethical positions are. The examples used (e.g. Utilitarianism vs. Libertarianism) should not be viewed as such—they are not exhaustive in any way—they should rather be viewed as illustrations to a general problem. This entire essay is general, not specific in what it seeks to accomplish.

A few words ought to be said about the rational choice perspective, although I assume that the reader is already familiar with it. The rational actor perspective assumes that, most of the time, individuals are utility-maximizers. They choose whatever action they expect to be most beneficial to themselves, given a set of preferences. Most variants of rational actor perspectives assume that individuals make choices about what actions to take against what he recognizes as the best possible outcome. It does not matter how complex the decision is (in the most basic models), under certainty of information individuals can rank all alternatives in order of preference and choose which ever benefits him the most; any pair of choices for action A or B he can say whether A is better than B or vice versa. He then chooses the highest ranked alternative (Ward, 2002; Schotter, 2001; Nicholson, 2002).

Individual choice is restrained by relative prices of goods in society, transaction costs (the cost of contracting exchanges on a market), and technology (for instance technology conveying information about choices) (Schotter, 2001). In standard models such as the simplest economic models of indifference analysis or the *Marshall Demand Function*, or for the *First Welfare Theorem* transaction costs are assumed to be zero and technology such that there is perfect information. No uncertainty exists that could potentially cloud the individual’s judgement (for the *Marshall Demand Function* see Nicholson, 2002:10; for the see Rosen, 2002:38-40).

The essay is strictly heuristic theory—it is a model based on (both explicit and implicit) assumptions about what benefits are, what ethics are etc., and no empirical observations about reality are made or analyzed. Statements that are made ought to be interpreted against the background of the assumptions of the rational choice perspective, not against (some notion of what is) the real world. Ethics, as is the case with preferences in economic models, are decidedly difficult to observe, either directly by asking people what their ethical beliefs are, or indirectly by studying people’s actions. People may not know their ethical beliefs, they may not think about them very much if they do, they may analyze them in any precise fashion. If they do know they may not be able to express their values with any precision.³ They may even lie about them for one reason or other, say, if they feel

³ For those with an interest in the revelation of preferences see Nicholson (2002:138-139) about *revealed preference theory*.

that they have values that go against the grain of their community. This all makes interpersonal comparisons very difficult. The concerns above I think warrants the need for theory when analyzing problems of this kind.

Distributions of benefits face a similar problem. It is not obvious what constitutes a benefit. This is possibly inter-relationally defined, only you can evaluate what benefits a certain act (or interaction with someone else) produce for you, and hence there exist the same problem as with values. There are the same problems of precise revelation and definition and it is difficult to make interpersonal comparisons. Hence the essay is strictly of the ‘given that...such and such’-type.

I do wish to state that though reality does not factor in here, I believe that the models are ultimately useful only if they can function as a proxy for reality—they must possess some predictive capability. However, the testing this particular essay against the harshness of reality is something I shall happily leave to someone else.

Finally, I should mention that the framework is reductionist in character. We’re concerned with individuals and their choices in social circumstances, not aggregates. The social situation in this essay is restricted to the two-person, two-good case, from which it is possible to extrapolate to larger social contexts. I will however, not engage in aggregations.

A Note on Notes

Finally a short comment on the use of references and footnotes. Anything that is directly referenced can be found in parenthesis in the main text. Footnotes are reserved for notes of the ‘further reading’-kind and enhancements that are not directly related to the main text but which still may be of interest to the reader. It is my aim to make the main text readable and understandable without looking at single footnote. The reader may return to the footnotes after reading the main text.

The Relationship between Acts and Distributions

The amoral versus the moral state

The objective for this section is to demonstrate that acts, or rather that social acts have distributive consequences. I intend to present a *general* theory about acts and their distributive consequences rather than to discuss how specific acts might result in specific distributions.

This far we don't want anything to do with ethics—it would cloud the precision of the analysis unnecessarily at this point. The idea for this essay is to isolate the effects of ethical considerations on the distributive outcomes of acts. So first we analyze the distributive outcomes of acts without ethical constraints on individual choice, then we add the component of ethics, which we'll do in the next chapter.

A fruitful way of accomplishing a discussion of the distributive outcomes of acts without involving ethics, believe, is to utilize the theoretical complex of the *state-of-nature*, although cast in a slightly different form. The state-of-nature in political theory is appropriately described as an imaginary reconstruction of how human life and interpersonal relations of different kinds might have been before the creation of political institutions. This image is most often used to shed light on the disadvantages of such pre-political life in order to justify some organized political existence (cf. Robertson, 1993 for a lexical definition). The state-of-nature theory was most famously used by Hobbes in *Leviathan* and Locke in *Two Treatises of Government*, for justifying their disparate ideas on the ideal state (Hobbes, 1968; Locke, 1960).⁴

Here, we are interested in the single act a human being might undertake in relations with others, and his ethical reflections when choosing his acts, rather than sweeping arrangements of social institutions. We are interested in the individual's sense of right and wrong, his sense of good and evil, if you like, when choosing to act. So, the state-of-nature might in this case need a little refinement to fit the occasion. As Nozick notes in *Anarchy, State and Utopia*, the state-of-nature “begins with fundamental general descriptions of morally permissible and impermissible actions[.]” (Nozick, 1974:7). Morals, but no social institutions. The idea here is consequently to take another (hypothetical) step back and remove even the component of morals. I will hence construe the moralistic restatement of the state-of-

⁴ State-of-Nature theory has been used in more recent times, perhaps most famously by Rawls and Nozick in *A Theory of Justice* (1971) and *Anarchy, State and Utopia* respectively (1974). Rawls' argument about the 'veil of ignorance' is, although he seems reluctant to actually label it a 'state-of-nature', precisely an application of the theory. Nozick used it more explicitly to argue the rise of a state via an invisible-hand process. Schotter (1981) argued the rise of economic and social institutions via a similar invisible-hand process.

nature as a place where morals do not exist, an *amoral* place where no concept of right and wrong exists in the minds of its occupying individuals.

In this place any act is morally permissible and so is any distributive consequence that might result. In contrast, I will designate another place, the *moral* place, where every aspect of the amoral place is held constant except for the introduction of ethics. Individuals in this place make moral considerations before acting, they have a sense of right and wrong. I shall attempt to demonstrate how ethics here function as constraints on actions, making certain acts morally impermissible. I ought then be clear that if certain acts are not allowed according to some schema for right and wrong, the distributive consequences of such disallowed acts will not factor in. The imposition of an ethic over an amoral situation, this ought to demonstrate, has consequences for the distributive outcomes of interactions.

This might seem a strange way to go about it. No such place has ever existed, primitive morals have arguably been with humanity since the dawn of our species—morals don't just pop out of nowhere from an amoral to a moral place. It's important to remember that I'm not making any statement as to the real origin or function of morals in human affairs. This is just a piece of methodological trickery for the purpose of isolating the effects of moral constraints on the distributive consequences of acts, which is the only task at hand here. Nozick notes, "state-of-nature explanations [...] pack explanatory punch and illumination, even of incorrect. We learn much by seeing how [things] could have arisen, even if it didn't arise that way" (Nozick, 1974:8-9). My ambition with this explanation is that when seeing how ethics act as a constraint on individuals' choice of actions from imposing an ethic over an amoral place we can then extrapolate and see how different ethics will shape individual choice as to produce different distributive consequences. For instance, we might be able to draw conclusions such as 'Ethic 'E' restrains choice of action in manner such and such and produces distributive consequence 'D'. One might then make comparisons and see that 'another ethic 'E₁' restrains choice of actions in another manner such and such which produces distributive consequence 'D₁'. That is, to extrapolate and to find that there is some predictive relation between a specific ethic and a certain distribution.

The astute reader will note that the amoral place might arguably be perceived as nothing but the standard rational choice framework. This is arguably correct and in that case, this set up of comparing the choice of actions under amoral conditions versus moral conditions can be seen as a methodological attempt to introduce a component of ethics into the rational choice model for the purpose of isolating the effects on choice by moral restraints.⁵ Possibly, one could phrase it as

⁵ A few words should be said about the often confusing relationship between egoism and the assumption of utility maximization in rational-actor perspectives. Rationality does not *require* self-interest, although it is often assumed. It only requires that individuals are able to rank alternatives and choose between them in a way that satisfies the individual's preferences. Rationality does not make any moral claim as to what those preferences *ought to be*. An individual may very well have a set of preferences that are *altruistic*. In this sense the rational actor perspective is amoral (Hausman, *et al.*, 1996).

But it is important to note that rationality does have a moral dimension. The very definition of rationality as choosing those acts which have as their outcome the satisfaction of a preference ranking is arguably the same as saying that people *ought* to choose rationally. Rationality is itself a normative term (cf. Hausman *et al.*, 1996)

such: the preferences that make up the foundation for individual choice (described in the *utility function* in economic theory) originate partially from ethics, our sense of right and wrong partially shape our utility functions. Another analogy is perhaps that ethics *filter* preferences according to a schema of right and wrong, and hence change the character of the utility function, and hence of the choices individuals make and then also the distributive consequences.

In the amoral state then, people choose according to the assumptions of the rational choice perspective. They seek to maximize their lifetime expected utility from a set preferences that are described in a utility function and they choose actions which fulfil these preferences. They are constrained only by the relative prices of goods, transaction costs (such as the cost of contracting exchanges or cooperation) and technology (for instance, information technology). However to keep it simple, and for the purpose of isolating the constraints of morals, which we'll add later, we'll assume zero transaction costs and perfect information (cf. Ward, 2002; Nicholson, 2002 for more on these axioms common to rational choice applications) How do individuals choose to act in such a state?

Acts and Social Acts in the Amoral State

The first thing that ought to be done is to delimit the array of acts that are subject to analysis. Acts are many a kind and we are only interested in certain types of acts, namely those with some distributive consequence, and those that, even though we are yet to include it in the analysis, pertain to ethics in some manner.

We are hence interested in acts in which there is some interconnectedness between individuals. My actions are connected to yours when the outcome of some action of yours depends upon what I do. Conversely, my actions can affect the outcome of one of your actions. The outcomes of our actions can be mutually affected by our actions or the outcome of our actions etc. Frequently, the actions of different individuals are interconnected and the outcomes are affected in some nontrivial fashion. Human beings know their actions are tied to the actions and outcomes of others and this is the reason people coordinate their actions with others. This is also the background that gives rise to ethics (cf. Nozick, 2001: 240 *et seq.* on the interconnectedness of human actions). Sociologist Herbert Mead (1934) designated acts with some degree of interconnectedness *social acts*, as opposed to just *acts*, which are things individuals do that do not have any affect on the actions or outcomes of others (if there is any such act in any kind of social situation). We are interested in these social acts, or more precisely we are interested in acts where units of benefits (or utility, the terms are used interchangeably) are distributed in some fashion over the interacting parties.

Do all acts have distributive consequences? On a metaphysical level I would suggest that one may attach distributive consequences to any kind of act. If benefits, or utility if you prefer that term, can be anything to which an individual at-

In this essay I'll treat the assumptions of rationality as amoral—people *are* rational, they cannot be anything but rational, hence the moral implications of rationality can be set aside. But now the reader has at least been warned.

taches some positive value (which I would suggest is the standard definition of utility) then acts will possibly always generate benefits that are distributed over actors between which there is some connection. For instance, if I read a book (and enjoy it) it will be beneficial to me. The writer derives some satisfaction perhaps knowing that there are readers enjoying his book. Perhaps I've bought the book from someone and that is beneficial for him. The ideas of the writer are proliferated through me which is beneficial for the writer. I might spread the ideas to others which might have beneficial consequences for them and so on. All these acts distribute benefits over many people, but they would likely be very hard to observe or even make educated guesses about. The relationship between these acts seems fragile and hard to grasp.

Another example where the distributive consequences would be hard to grasp would be that of the hermit. The hermit living in a cabin deep in the woods far from any civilized society also acts every day. But his actions might not affect the actions or outcomes of other people. He has no counterpart to worry about that is a person. However, he might chop down trees for firewood to heat his cabin and the like, which may somewhere down the line be construed as an externality for others. He can possibly be said to act with nature as a direct counterpart. Societies have had ethical concerns about human beings acting with 'nature' or 'the environment' as a counterpart, but we'll leave these concerns aside here. They may very well result in benefits for the acting individual but can nature enjoy benefits? I shall assume it can't and hence the issue of distributions is a moot question because the acts of individuals in such cases are not in any way related to those of another individual and is hence not to be construed as a social act.

It is of course entirely possible that interacting with nature as a counterpart affects other individuals as third parties, that is, interacting with nature cause the emergence of externalities which affects others.⁶ The example of a paper mill polluting a stream that is also used by a village with fishing as its main industry is well known in economic theory (cf. Rosen, 2001; Perman *et al.*, 2003). For the sake of brevity, however, I shall ignore the problem of externalities here.

But acts may have much clearer distributive consequences. Take for instance a trade situation where I exchange my X for your Y . I need X and you need Y so the trade is mutually beneficial. Our actions have resulted in a net positive allocation of benefits for both of us. The acts, the exchange, have redistributed the allocations of benefits that we are both endowed with. We started out with endowments A and B and then we traded X and Y which resulted in positive benefits for both of us and as such also resulted in a change of endowments for A and B to A' and B' . In terms of end-state distributions, benefits were allocated in distribution X before the trade. The trade rearranged both our endowments and are now allocated according to new distribution X' . Interactions such as these quite clearly (re)distribute benefits over the acting parties in different fashions. (cf. the economic theory of the exchange in Rosen, 2002:31 *et seq.*; Schotter, 2001:127 *et seq.*). It's important to note that we cannot know the actual distributions without knowing what is traded and what each individual values about the trade, however,

⁶ For more on the problems of externalities see (Rosen, 2002; Schotter, 2001; Levy, 1995; Perman *et al.*, 2003).

we do not need know that in order to see that interactions create and alter distributions of benefits.

The exchange situation may not only have the character of a trade, it can be some coordination of actions towards some mutually beneficial goal such as procuring the provision of some public good (like protection or the installation of a sewage for the town or something else).⁷ Distributions of benefits from cooperation of this kind may have a wide range of end-states, depending on the shape of the demand-curves for the cooperating individuals (cf. Rosen, 2001: 58 *et seq.*). It is reasonable to assume that at least sometimes some individuals want the public good more than others and will hence value it higher. This will give rise to distributive concerns at least if there exist no payment technology which allows individuals to pay relative to their demand for the good, that is, if everyone pays the same price but benefits are unequally distributed (Rosen, 2002:58; Schotter, 2001:653 *et seq.*).

This is also where the well-known theories of market failures enter the picture. Rational utility-maximizers will, according to the theory, forgo contributing to the production of the public good, thinking that everyone else will (e.g. they will *free-ride* of the efforts of others) and as a result the provision of the public good fails (Munday, 2000; Rosen, 2001; Schotter, 2001; Samuelson, 1954; Bator, 1958). But assuming that we can get past the problem of market failure, for instance, as has been suggested by Schotter (1981), Ostrom (1990; 1997), if a group develops norms that further cooperative ends, there is still the issue of how benefits ought to be distributed.⁸ What these distributions ought to be is likely to differ with different ethical foundations, say between an ethic that prescribes non-interference (such as a libertarian ethic), from one that prescribes (distributive) equality (such as a socialist ethic certain versions of utilitarianism).

Nozick (2001) points out that all coordinated actions may not have a distinctly ethical dimension. For instance if I follow you in order to get to the bus station where I want to go but do not know the way. It is your destination as well and I know because I overheard you in a conversation you had with someone else, but you do not know that I follow you. The exchange is not willfully enacted by one of the parties. Nozick seems to prefer to call this *strategic coordination* and save the dimension of ethics for mutual exchanges (Nozick, 2001:244). We have similar situations in prisoner's dilemma type games where there exist uncertainty about the counterpart's intentions and moves. However, are situations like these completely devoid of ethics? Might there exist values concerning taking advantage of people in the way that I did when I followed you to bus station (even though most, I think, would consider such a coordination of actions rather harmless). Perhaps some ethic mandating 'credit where credit is due'. If you help me, whether you know it or not, should I not thank you, or repay you somehow?

Acts are not always voluntary, but none the less they have distributive consequences. Coercion is a nontrivial part of any society I can think of, even in fic-

⁷ The problem of public goods provision (and the related topic of market failure is exposed in (Schotter, 2001, Rosen, 2002, Levy, 1995). A critical examination of standard public goods theory is Cowen (1988).

⁸ The emergence of norms that further cooperation between individuals has also been dealt extensively by Axelrod (1984), Taylor (1976, 1987), Knight (1992) and North, 1990).

tional-philosophical libertarian utopias like Ayn Rand's *Atlantis* or Nozick's *framework for utopia* (Rand, 1956; Nozick, 1974). I should like to distinguish between two major coercive categories of acts. First there is coercion enforced by a central authority, such as a state levying taxes, where everyone in society is coerced to act in a certain way. Reasonably one may assume that, in the case of paying taxes, nobody (really) likes it, which would mean that individuals paying tax would be moved to a lower indifference curve. Hence the act of coercing people to pay taxes has a distributive dimension. (Taxation is a public *bad* in the sense that it creates net negative allocations of benefits spread across everyone subjected to it, but it too, as with the public *good*, may be *disliked* to a different degree giving rise to inequality in distributions.)

Second, there is the case when individuals perform coercive acts against others, for instance when *A* coerces *B* into doing something that *B* would not otherwise like to do, which would hence moves him to a lower indifference curve.⁹ The act benefits *A* but not *B* and as such there are distributive consequences that may be subject to variance with different ethical foundations.

There might for instance exist values that disallow moving someone else to a lower indifference curve, no matter what the circumstance. There might be values disallowing such moves under only *certain* circumstances, say, when exercising some moral right, such as a property right. Asserting one's right over a piece of property may be detrimental to the endowment of benefits for another, but still not be considered morally wrong in some ethical positions. No ethical foundation for disallowing (at least all) acts of this kind seem to be supported by, for instance the libertarian position, however there do exist an ethical foundation disallowing coercive acts of the first kind discussed above, that is, coercion by a central authority.¹⁰ There might be ethics disallowing all coercive acts, there might ethics disallowing only some coercive acts. I'm not sure what ethical foundation would be of the first kind, not even anarchic systems say 'anything goes under any circumstance'. No matter what, there will be distributive consequences and they might be variant under different ethical foundations.

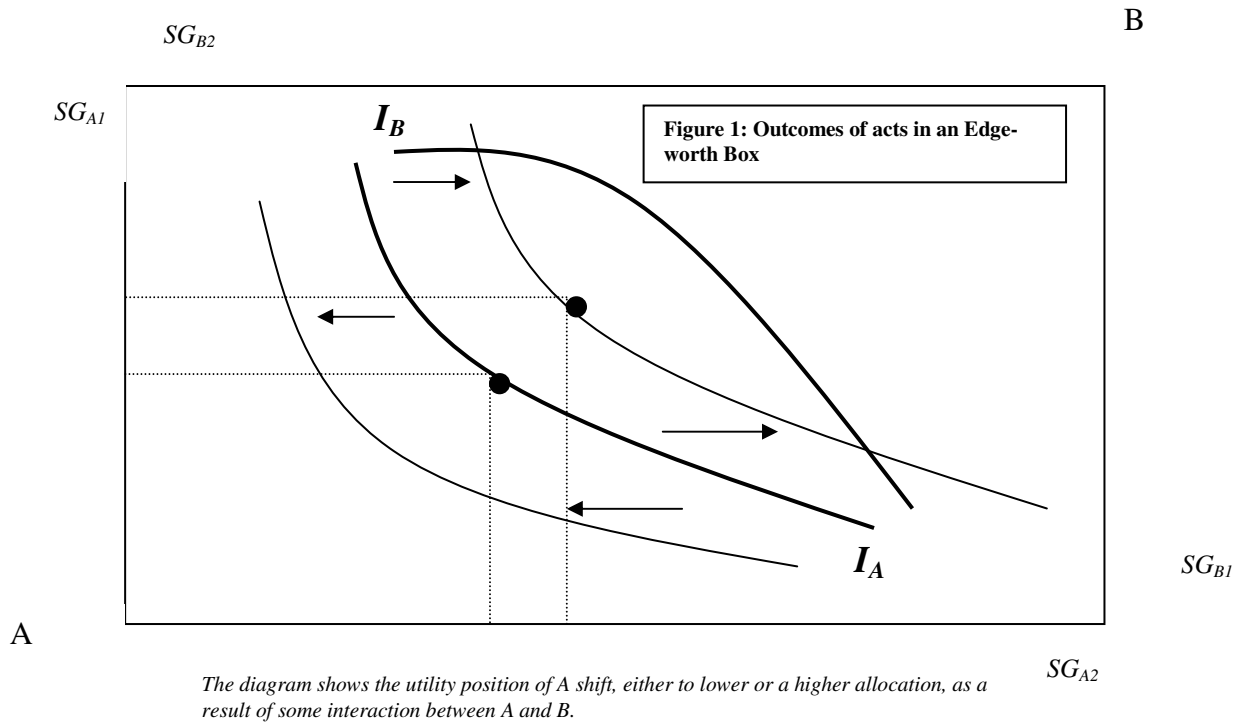
A Theoretical Framework for Measuring the Distributive Consequences of Acts

How do we structure knowledge about what distributive consequences acts have? We need some general frame of analysis from which we may then continue to analyze how these distributions relate to different ethics. The economic theory of the exchange economy as presented in the economist diagram of an Edgeworth Box will adequately provide what we need (Rosen, 2002:31 et seq.; Schotter, 2001:127 et seq.) This diagram (figure 1 below) consists of two facing indifference curve diagrams for individuals *A* and *B*, where on the X and Y axis of each diagram we have some social good (denoted *SG*) which would be beneficial to

⁹ Dahl produced an exceptional systematization of different concepts of power and coercion in *Modern Political Analysis* (1990).

¹⁰ See for instance Narveson (2001) for some concepts about the libertarian theory of rights.

both individuals. Points on the two indifference curves, measured on the X and Y axis, denote the individuals' initial endowments of social benefits (procured from previous interaction). The two facing indifference curves (I_A and I_B) form a football-like (American football, that is) figure which is the area between I_A and I_B . This area denotes benefits that are up for grabs by both of them if they coordinate their actions in some way. Interaction moves these curves in different fashions and when the curves are moved the distributions of benefits change accordingly.



The outcomes of acts displayable in this diagram may be to mutual benefit and they may be detrimental to one individual's endowments. End-state distributions may or may not be efficient and if efficient the distributive point may end up anywhere on the contract curve (the contract curve is displayed in figure 2 below), leaving individuals with endowments that are however unequal. In the amoral state any act is permissible and as such any distributive point in the Edgeworth Box may be the consequence. The only constraints upon action are those of the individual utility functions which determine the preferences of the interacting individuals, the availability of information (i.e., technology), and the transaction costs for interacting.

When we impose an ethic over the amoral situation the ethic will act as a restraint on action according to some schema for good and bad. Some actions will be disallowed and the possible moves of the indifference curves may take will be delimited. However, I shall first provide some more detail of the different moves the indifference curves may take.

There are four types of norms that can be described in the Edgeworth box (figure 1 and 2) with the two facing indifference curves and the (football-shaped) lace astride in the middle containing possible Pareto-improving distributive points (cf. Nozick, 2001). The first kind of norm is one that is *mutually beneficial*. These norms correspond to the criteria of *Pareto-improvement*, that is, a move that either

brings both individuals to a higher indifference curve (the case of strong Pareto-improvement), or one that moves one individual to a higher indifference curve while the other at least remains on his original endowment (the case of weak Pareto-improvement). This could be a trade of some kind (I'll trade my X for your Y) or a coordination of actions towards some commonly beneficial goal such as procuring the production of some public good (like social order, peace, protection etc).

The second type of norm has the character of a *zero sum game*, that is, individuals act in ways that move one of them to a higher indifference curve at the other's expense, that is, the other individual is moved to a lower indifference curve. Such cases might involve one individual coercing the other into doing something he does not want to do but one might certainly question if all moves to a lower indifference curve originate with coercion. Nozick (2001:264) notes that some moves of that kind may be self-contracted, that is, an individual voluntarily agrees to acts that are detrimental to his own utility position (for instance trading to his own detriment for one reason or other). However, one must seriously question if such voluntary detrimental moves are possibly under an assumption of rational utility maximizing individuals. Any move under such assumptions would, I'd argue, be beneficial in one way or another, else the individual would not agree to such a move in the first place. Any voluntary move to a different distributive position would entail some benefits or else it would have to be considered an irrational act. Hence voluntary moves to a lower indifference curve might be impossible under an assumption of rational individuals.¹¹

The third type of norm is the *efficient* move where both individuals move into the lace of Pareto-improving allocations in such a manner that benefits are maximized, that is moving to a point on the contract curve (the shoe lace curve cutting across the entire diagram in figure 2 below) which represents possible efficient distributions given the restriction set by both individual's utility functions. This is a point where one individual cannot act so that he will be better off without making the other less well off (cf. Schotter 2001:127 *et seq.*; Rosen, 2002:31 *et seq.* for more on efficient distributions).

The fourth type of move mandates a specific point on the contract curve according to some notion of how efficient allocations of benefits ought to be distributed. This fourth type is what economists and political scientists discuss within the field of *distributive justice* and is perhaps what first comes to mind when speaking of distributions.¹² There are of course ethical considerations that deal directly with distributions of efficient points (such as the ethics of socialism which mandates equal distributions of income), but it ought to be quite clear that any of the four norms alter distributions in ways that might backtrack to some ethical foundation.

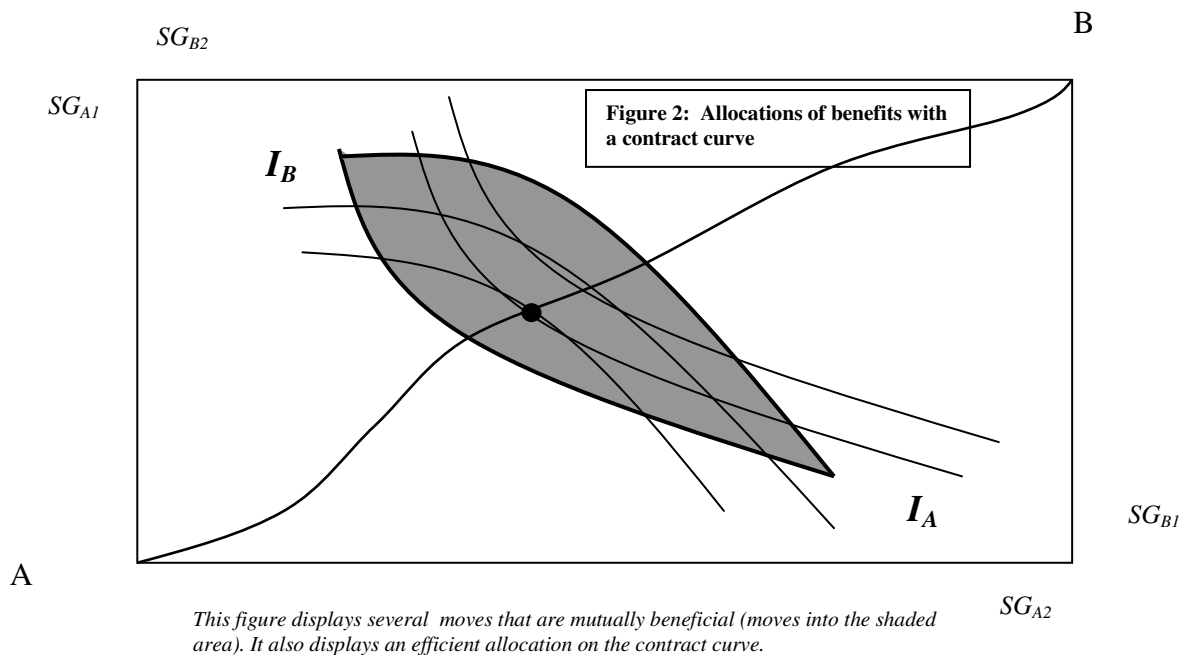
¹¹ Some have distinguished between 'thin' and 'thick' rationality models, the first being the standard model used in simple economic models. Thick rationality models are typically augmented with the addition of various norms that alleviate the problem of cooperation and market failure (which is often considered a logical consequence of the standard model) See North (1990), Ostrom (1990, 1997), Knight (1991).

¹² The literature within the field of *distributive justice* is ample. Some works displaying different normative positions include Rawls (1971), Nozick (1974), Cohen (1995). See also the modern economic variant of utilitarianism and its rationale for income redistribution in Rosen (2002), Berg (forthcoming) and Barr (1998) for other perspectives.

Actions of any kind, where two (or more) individuals are involved may have distributive consequences and hence ethics dealing with the rightness of any action that results in any of the norms will affect distributions.

These norms can arguably be said to have a *meta-character*. For instance, some ethical foundation E might produce norms permitting acts that move some individual to a lower utility position, as will some other ethical foundation E' . However, the particular acts that produce the norm might be very different under the two ethics. For instance, one ethic might mandating that *some* acts which move an individual to a lower indifference curve might be morally permissible while other would not. An ethic might prohibit me plunging a knife into your thigh and hence significantly reduce your endowment of benefits, but the same ethic might allow me to exercise my rights over some property of mine. Both acts would be detrimental to your utility position. Another ethic might have a completely different set of permissible acts that all fall under the meta-norm of moving an individual to a lower indifference curve.

Is it then possible to deconstruct different ethics in such a way that one may clearly see how these four norms emerge in different constellations from a particular foundation of values? The question of defining a society's ethical foundation in order to procure distributive shares hinges on the strength of this relation. If it is weak the struggle for moral authority would have to be explained by some other means, but if strong, struggles for distributive shares might be valuable



component in explaining political struggle.

It would be interesting to see how much of normative ethics, for instance Kant's imperatives of duty (i.e., those that siphon down into the *Categorical Imperative* etc.) (cf. Kant, 1994) or ethical egoism (Rand, 1961; Rachels, 1999), or W.D Ross's *prima facie* duties¹³ (Ross, 1930) or virtue ethics (cf. Statman, 1997),

¹³ Ross's *prima facie* duties are: Gratitude, justice, of beneficence, of self-improvement, of non-malificence, duty to keep promises (Ross, 1930).

that may encompassed by these four norms. That is if human interactions are conducted after the schemas for right and wrong that these normative ethics provide, what constellation of these four norms would emerge? It is quite possible that ethics is something that go beyond a reduction towards distributive outcomes and satisfaction of preferences. For instance, what distributive outcomes will an adherence to the cardinal virtues¹⁴ produce? It would possibly depend on defining very clearly what such virtues are and what it means to act in accordance with them, which would certainly not be an easy task. However interesting, it is beyond the scope of the essay to engage in an analysis that covers so many fronts.

¹⁴ The Cardinal virtues in Catholicism are justice, prudence, temperance, and fortitude (cf. Catholic Encyclopedia (<http://www.newadvent.org/cathen/03343a.htm> : 2005-01-08). All other virtues fall back on these four principle virtues.

The Relationship Between Ethics and Distributions

The Moral Place: Ethics as constraints on Action

What if we then impose some notion of right and wrong to the actions of individual? In the amoral state individuals chose their actions from a set of preferences without any concern for right and wrong in relation with others. This we concluded could have any distributive consequence, i.e., the distributive point could land anywhere in the Edgeworth Box (given the restraints of technology, relative prices and transaction costs which we have ignored). We will now have them act morally and see how this might affect distributions.

The question of right and wrong acts is dealt with within the field of *Normative Ethics*.¹⁵ Moral philosophers concerned with this field ideally try to provide some general formula(s) for deciding what actions are right (cf. Snare, 1992). It is, with a minimal definition, an effort to guide conduct by reason, rather than by emotion or intuition (cf. Rachels, 1999: 17 *et seq.*) A possible schema, as Snare suggests, would be something like ‘All acts with the property ‘P’ are right’ (Snare, 1992:5 *et seq.*). Different moral philosophers would then substitute ‘P’ with things like ‘adherence to set of rights’, or ‘maximizing social utility’, or ‘being commanded by God’. Different ethical theories disagree quite fundamentally, but they are all trying to accomplish the same thing, namely to provide a *general principle* from which actions can be classified into right or wrong.

Further, any theory of normative ethics tries to determine, not only what properties $P_1...P_n$ make a certain act right, but also *why* property P_i makes an act right, i.e., a normative theory does not analyze what properties $P_1...P_n$ an act that is right happens to have, but what qualities intrinsic to that particular property that *de facto* makes the act right. The latter is a most complex issue. For instance, in the case of a rights-based ethic, the former criterion would suggest that any action that conforms to the set of rights is right, while the latter would concern itself with the rights themselves. Why are the rights right-making properties?

We do not yet need to concern ourselves with what property is right-making and we will not concern ourselves at all with the why a particular property is right-making. The former will be partially answered with examples of how certain ethics may generate certain distributive norms and will be dealt with in the next section. The latter question would force us to engage in a normative argument, pinning ethic against ethic trying to answer which is right and which wrong. That is of course not the purpose here.

¹⁵ As opposed to *meta-ethics*, which seek to determine, not what is right, but what it means to be right (or wrong), i.e., what is the very nature of rightness? Meta-ethics can be described as the philosophy of science for Ethics (Snare, 1992: 4 *et seq.*)

In the amoral state any action was permissible. Individuals chose action after some utility function subject only to the restraints of relative prices (and transaction costs which assume to be zero and technology which we assume function as such that there is perfect information). An economist might express it so that utility function $U(i) = (SG1, SG2...SGn)$ for individual i is here subject to the restraint of relative prices of the social goods (SG) the individual is demanding (cf Nicholson, 2002:93 et seq.). In the moral state the general principle for good and bad will now act as a constraint as well, making some actions morally impermissible. So in addition to the restraint of prices the utility function $U(i)$ is now also subject to a some set of values $S(v) = V_1...V_n$ which the interacting people might share.

A fitting analogy, as already mentioned, is possibly that the set of values functions as a *filter* for good and bad through which the individual's preferences are sifted, where 'improper' preferences are sifted out and discarded. This filter alters the utility function, that is, the individual's preferences are altered to fit the social foundation of good and bad. With a different utility function people chose differently, and hence with different actions we also have different distributive outcomes.

The result of an imposed principle for good and bad might then affect choices in the following manner. In the amoral state a certain act A resulted in distributive outcome D . However with the restraint of values $S(v) = V_1...V_n$ act A is now impermissible and outcome D not possible. Likewise we can now extrapolate this pattern and conclude that some other set of values $S'(v) = V_1...V_n$ might allow act A but not act B , which would yield some different distributive outcome D_1 . Hence one might say that from different ethical foundations there will emerge different distributive norms because depending upon what filter we run preferences through the choices people make are different.

It is however, one thing to say that there is a relationship between an ethic and a distributive norm and another to say exactly what that relationship is. That is, what is the level of predictability between some ethic and a corresponding distributive norm? In order to shed some light on this one would preferably deconstruct some ethic to see what acts under its restraints might produce in terms of distributive norms. Below I shall attempt a rather brief deconstruction of a utilitarian and a libertarian position in order to exemplify the argument put forth here.

Two Ethical Positions

There seems to be a link between distributive outcomes and ethics but as of yet the relation to the question of struggles for moral authority is still unclear. We now know that actions have distributive consequences and that ethics filter individuals' choices of actions and hence alter distributions, but we still don't know in what way. The claim that people struggle for moral authority, we concluded, hinges, apart from what the assumption of rational utility maximizing individuals provide, on some level of predictability between a certain ethic and its distributive

consequences. We've established that there is a connection, but we have yet to establish any level of accuracy.

An appropriate way to establish the accuracy we are looking for would be, I think, to establish some foundation of values and see how this relates to the four norms described above. We need to construct some schema for good or bad, again using Snare's terminology, and see what kind of distributive norms that would reasonably follow in its wake from the acts of individuals. As mentioned above accounts of normative ethics abound. The proper way in this case where we have a limited space available, ought to be to choose two very different ethics which clearly demonstrate a disparity in norms that follow. The ethical positions of utilitarianism and libertarianism, I believe, will accomplish that.

As a secondary reason, I think both these schools of thought are appropriate is that are both fairly coherent and the different proposed ethical foundations within the schools themselves, while exhibiting some disparity, are relatively homogenous and easy to summarize into a tangible ethical position. Admittedly the choice of these two ethics is rather favorable towards the purpose of the essay, that is to analyze the relation between ethics and distributive norms. Both display a close proximity to the subject of distributions. The very notion of utility in utilitarianism implies by itself that good or bad is a function of distributive outcomes (cf. Kymlicka, 1990; Rachels, 1999; Rosen, 2001). Then there is the ongoing debate on distributive justice in the works of Rawls and Nozick which both take as their point of origin the utilitarian notion of justice as maximization of the social good (Rawls, 1971; Nozick, 1974). The framework for distributive consequences is already well mapped out with these ethical positions, although perhaps not in the way we are trying to do here, that is, norms as consequences of acts at the individual level. My point is that it almost certainly will be easier to flesh out distributive consequences from a utilitarian schema of good and bad, than from say some application of virtue ethics, or Kantian imperatives of duty (however one should absolutely not exclude *ex ante* the possibility they too could be encompassed in some way by the distributive norms discussed above).

The utilitarian position then. Concisely defined, utilitarianism is the political, social and moral theory developed first by Jeremy Bentham and James Mill, and further developed (possibly refined) by John Stuart Mill. It holds (in its original version) as its core an equation between *the good* and *happiness* (cf Bentham, 1994; Mill, 1987; for a lexical definition see Robertson, 1993 or Banncock *et al.*, 1998). It proposes that whatever action taken, whether policy, individual choice or decision, it should result in a maximization of the positive balance of 'good' over 'bad'. More precisely, utilitarianism argues the 'principle of utility', which requires that whenever a choice between alternative actions or social policies, the one which results in the best overall, or social, consequences, should be chosen.

There are several variants of utilitarianism. Here we'll use the modern variant prominent in economic theory and leave aside others like hedonistic utilitarianism where utility is equated to *happiness*, we'll ignore the distinction between preference satisfaction and satisfaction of only enlightened preferences (that is prefer-

ences based on perfect information and valid judgements) and so fort.¹⁶ The modern economic variant simply assumes preference satisfaction and that acts ought to maximize social utility (Kymlicka, 1990).

In economic theory the *social good* is often represented by the *social welfare function*. Algebraically, if there are n members of a society and the i^{th} individual's utility is represented by U_i , then social welfare is:

$$W = F(U_1, U_2, \dots, U_n)$$

It is assumed that an increase in any of the U_i s, *ceteris paribus*, will increase W (cf. Rosen, 2002:141 et. seq.). The strictly utilitarian position then advocates that any act which leads to a net increase of W is a justifiable act, and one that ought to be executed. It is further assumed that interpersonal comparisons of individual utility functions are possible. This implies that an action, A , which seems to decrease individual X 's utility less than it increases the utility of individual Y , yields a net increase in W . The constraint of the utilitarian normative positions is then that any action (taken by an individual, an institution or an organization) must conform with the condition that it *increases the overall social welfare*, W . This is the *general principle* of this ethical theory, or in Snare's terminology, it is the schema for good or bad. An act that increases social utility is a good act, one that does not, is not.

Libertarianism then is a social and political theory that holds as its core that individuals have a certain set of inviolable rights which delimits the sphere of actions available to individuals (directed towards other individuals) and to the state. I will here refer to the particular version of libertarianism represented by Robert Nozick, which has its foundation in the writings of Locke (Nozick, 1974; Locke, 1960).

Libertarianism is arguably the modern heir to nineteenth century liberalism. It grew partially from a critique of utilitarianism, one of which the most prominent feature is that it is an *aggregative* theory. In utilitarianism, increases (or decreases) in overall utility come from adding together each individual's separate utility function. Utilitarians themselves point to this as one of the strongest merits of the theory—it employs a simple model of rationality that works well at the individual level; act so that your own welfare increases. If met by two choices, one of which yields less of an increase in utility than the other, the one which yields the greatest increase should be chosen. Proponents of utilitarianism posit the notion that this rationale can be properly transferred to the social level—act so that social welfare increases. This entails that the interests of some individuals, yielding a lower overall increase in *social* utility, can be forsaken for the interests of others, which yield a higher increase. Some individuals may be sacrificed for the greater good of society (cf. Norman, 1998).

The analogy is fallacious, claims others. As Nozick puts it “There is no social *entity* with a good that undergoes some sacrifice for its own good. There are only individual people, different individual people, with their own individual lives”

¹⁶ The interested reader would want to see Kymlicka (1990) for the distinction between different kinds of utilitarianism.

(Nozick, 1974:33). A social good, according to Nozick, does not exist because a society is only the sum of its individuals. Society is not single agent who can experience good, or make decisions, or bear blame. A person who is overridden in a utilitarian calculus is simply sacrificed for someone else's benefit, nothing else (Nozick, 1974).¹⁷

Critics of utilitarianism have therefore looked for some other theory that captures the idea that individuals cannot be sacrificed for other's benefit. One such theoretical idea is that there might exist moral rights—individuals have rights in one form or another, which may not be violated. All actions, all pursuit of goals, whatever they may be, must conform to the set of defined rights that is inherent to each individual. The rights are the constraints of a libertarian ethical position.¹⁸ Adherence to a specific set of rights is the *general principle*, or the schema for good and bad, for a rights-based ethics.¹⁹ What then, constitutes the rights of the libertarian normative position?

In *Anarchy, State and Utopia* Nozick holds basically that each person is a separate individual with the inviolable right to live as he chooses, conditional only upon a respect for other individuals' rights to do the same. These rights include the traditional liberal right to non-interference, to own one's body and mind²⁰ and to own and use in any way ones legitimately acquired property, and to enjoy the fruits of voluntarily entered contracts.²¹ One may enforce these rights against others unless one has voluntarily contracted the rights out. The rights do not include any uncontracted right to assistance from others, and correspondingly ones obligations to others are similarly limited (Lacy, 2001:20).²² The origin of these

¹⁷ To this a utilitarian economist might retort by citing the *Kaldor-Hicks Compensation Criteria*. It states that wealth can be redistributed between the 'winners' and 'losers' resulting from a given policy. It is uncertain, however, what utility distribution might result from this and it requires a definition of what 'good' is before it can be redistributed. The Kaldor-Hick Criteria is hence subject to the same problems of preference aggregation as any other derivation of social preferences. (cf. Rosen, 2002: 290; Schotter, 2001: 81 *et seq.*).

¹⁸ Many libertarian thinkers, such as F.A. Hayek, Milton Friedman, Ludwig von Mises reject rights as the basis for justification and argue for the libertarian position on the basis of its beneficial *consequences*, i.e., that laissez-faire market economies produces the Greatest Happiness. Though not utilitarian in any strict sense, they are decidedly teleological, not deontological. (cf. Friedman, 1962; 1990; Hayek, 1960; Mises, 1949).

¹⁹ All rights-based ethics are not libertarian. For instance, John Rawls devised his *Theory of Justice* based on a set of rights which is not strictly libertarian. Rawls' position is a complex one, and libertarianism, is by comparison, at least in a scaled down form, not equally so (in my opinion), which is why we'll use the libertarian position rather than that of Rawls' (Rawls, 1971).

²⁰ This is generally referred to as *self-ownership*, which in libertarian thought is the point of origin for all other application of rights including rights to material wealth. For a critical reflection see Kymlicka, 1990). For an exposition of a more communitarian approach to the issue of self ownership see Cohen (1995) and for a comparison and critical analysis see Narveson (1998).

²¹ Confer Locke's labor-mixing argument in (Locke, 1960) and Nozick's modified version in (Nozick, 1974:174) for an exposé of what constitutes legitimately acquired property from the original position and Nozick's *Entitlement Theory of Justice* for just acquisition via transfers of property (Nozick, 1974:150: *passim*).

²² Libertarianism, perhaps unlike utilitarianism, should not be considered a complete theory of ethics, as should not any other ethic based on rights. A set of rights acts as a constraint on *some* actions, i.e., actions that would violate the rights. In other cases, such as situations when the rights are not in danger of being violated, a libertarian ethic will offer no guidance, whereas utilitarian ethics would (act so that social welfare increases). Take the example of helping a poor man on the street. A utilitarian would likely come to the conclusion that helping him with a few coins would

rights is uncertain in Nozick's writings, as they are in other libertarian works, but they are seen as preceding political life, not being a product of political process itself.²³

These rights bear implications for the actions of the state. It may not intervene into civil society, for instance to balance the distribution of rights (which is egalitarian; all individuals have these rights), or designate new rights, for instance rights to material welfare such as a job, housing or welfare payments to alleviate poverty.²⁴

The result following the internal logic of libertarian theory is that justification can only be made for the very minimal state, one which is dedicated to protect life and property and to enforce contracts. No redistribution of material welfare and no regulation of economic activities beyond enforcing voluntary contracts is morally permissible.

The Ethical Positions and Distributive Norms

What kind of distributive norms can one expect to emerge from these ethical positions, starting with the utilitarian? The schema for good and bad suggests that good acts are those which contribute to the net positive sum of utility in society. The short answer is simply norms that increase W , that is, which increase social utility. Unfortunately the short answer doesn't tell us very much. What specific content would say a meta-norm of the second kind discussed above, that is norms allowing acts that move an individual to lower indifference, have? What array of acts would bring such a norm about and how would such a norm under utilitarian premises differ from such a norm under the premises of a different ethics, e.g., the libertarian ethic? These are the questions I shall try to shed light on in this section.

One might say that there is a drive towards *equalization* of utility endowments built into utilitarian theory, at least in the modern forms used in economic theory (Rosen, 2001; Kymlicka, 1990). The first meta-norm, acts that have mutually

increase his welfare more than yours would decrease. A libertarian ethic would in this case offer no guidance, because it recommends nothing when rights are not in danger of being violated. The libertarian rights would prevent someone from coercing you to help the man on the street, but as to helping him voluntarily you are on your own. Possibly libertarianism could benefit from other ethical theories in such cases (Norman, 1998:185 *et seq.*; Lacy, 2001; Nozick, 1974).

²³As to different ideas of the origin of rights, Locke claimed they originated from God, given to each man in a state-of-nature, while Ayn Rand claimed they were somehow intrinsic to human nature (hence the term *natural* rights). Nozick treated rights as sort of self-evident, given by the 'separateness' of each individual (Boaz, 1997; Nozick, 1974; Rand, 1963; Rand, 1957; Locke, 1960)

²⁴Rights to material welfare are generally referred to *positive* rights, while rights to non-interference are referred to as *negative* rights. Positive rights, it is often argued, would violate the rights non-interference by breaching the property rights of others. Related to the issue of positive versus negative *rights* is the issue of positive versus negative *liberty*. In short, negative liberty refers non-interference, while positive liberty refers to those specific conditions which make a thing possible to do. For instance creating a good life for one self requires specific conditions such as material welfare. The material welfare is then positive liberty and positive rights are positive liberty given the status of rights, say a right to a job or a house. Rights to negative liberty are the libertarian position (which is then the right to non-interference) and there are often substantial clashes between the two concepts. Confer Narveson (2001) and Berlin (1958).

beneficial outcomes, I believe would not offend any utilitarian. In the two-good-two-person case interaction from a position that is pareto-inferior in such a way that both individuals land on higher indifference curves (that is they move inwards into the football-like shape in the Edgeworth Box – see figure 1 and 2). It is arguably rather uncontroversial for any utilitarian to morally allow such acts because it will undoubtedly increase social utility when both individuals increase their endowments. If we allow for the assumptions of the *First Welfare Theorem* to play out such interaction will eventually land on an efficient distributive point. In terms of the fourth norm above this will be on a point on the contract curve, although not necessarily a point with an equal distribution. Given the initial positions of the two individuals, relative prices of socially desirable goods, technology and transaction costs this point could potentially be anywhere on the contract curve (Schotter, 2001:127 *et seq.*; Nicholson, 2002:686). The first-meta norm alone will not explain this drive towards equality.

There are additional assumptions baked into the utilitarian theory. One of the more prominent is the assumption of *diminishing marginal utility*, that is that additional allocation is beneficial to us but decreasingly so as endowments increase (Rosen, 2002:141 *et seq.*; Schotter, 2001). This creates a rationale for acts moving some people to a lower indifference curve. Individuals who have large allocations of social benefits, and are exhibiting diminishing marginal returns, will be hurt less, the theory says, than people with small allocations will gain and hence acts with such outcomes will generate an increase in social utility. This makes the second meta-norm, acts that move some individuals to a lower indifference curve, very much a part of this ethical position.

This *zero-sum-game*-type of meta-norm has some degree of controversy to it, under both utilitarian and libertarian ethics. Worsening someone's situation must surely be considered much more controversial than the opposite, i.e., acts that are mutually beneficial? Utilitarianism frequently mandates that some individuals endowments of utility may be decreased under certain circumstances if social utility increases. Consider the following fictitious example by H.J McClosky from the academic journal *Inquiry* in 1965 (reprinted in Rachels, 1999:110): A utilitarian visits a community in which there is a racial strife. A black man rapes a white woman and as a result the white community goes berserk and starts beating up every black man in sight. Suppose that it is certain that the capturing of the man who did the crime would ease the emotions of the mob and end the violence. Our utilitarian sees the event but not who actually did it. As a utilitarian, he would then be advised to lie and bear false witness and bring about punishment against an innocent man (assuming that the mob believes the innocent man is the actual perpetrator). Presumably, the decrease in utility for the one man who is innocently punished is much less than the sum of the many blacks who would undergo a severe beating by the mob if nothing was done. Framing an innocent man would, in this case, represent a net increase in social utility. This type of norm mandates that it is permissible to sacrifice the utility positions of some for the sake of others, something that has inarguably undercut much of the punch in utilitarian theory (Kymlicka, 1990).

This is of course an extreme example and possibly the drive towards equal distribution is not very clear with single acts like these. A much more common example that illustrates the point better is the utilitarian rationale for government redistribution of income. With the assumptions of identical utility functions added together (a so-called additive utility function), depending only on income, diminishing marginal utility and fixed total amounts of income in society the total sum of utility can be increased by redistributing from individuals with large allocations to those with small. The reasoning suggests that as long as incomes are unequal social utility can be increased until an exactly equal distribution is reached (i.e., $U_A = U_B$) (Rosen, 2002: 143).

We are now talking about redistributive acts taken at the level of state rather than individual acts which is our focus here. One might reasonably question if it is possible for individuals to keep track of the consequences for social utility with every single act they undertake. Presumably it is easier for the state to make these kind of considerations which likely is why utilitarianism seems to fit better with aggregate level applications rather than as a guide for individual acts.

The second meta-norm has implications for the third, namely that of acting so that distributive points in the Edgeworth Box are efficient. There can only be one efficient point that satisfies the criteria of efficiency with the assumptions we are working with and that is the completely equal distribution. However, unless the outcome of voluntary acts (that is the 'market' outcome) with mutually beneficial outcomes (the second meta-norm) happens to generate a completely equal distribution we're in trouble with the third meta-norm. As soon as exchanges reaches an efficient point that is not equal the assumption of diminishing marginal utility compels individuals to act in ways that redistribute endowments towards an equal distribution because that will increase social utility. In other words, anyone above the mean would be compelled, either by engaging in acts at the individual level (say, by donating money) or by forced government redistribution, to transfer utility units to those under the mean until an equal distribution occurs. Such acts cannot be efficient since it entails outcomes that move some individuals (those with generous endowments) to lower indifference curves (cf. Rosen, 2001:146). This would violate the Pareto-criteria and hence produce inefficiency. Hence, if the 'market' outcome, i.e., the outcome of voluntary interaction, is unequal the criteria of Pareto-efficiency must be broken under a schema for good and bad provided by a utilitarian ethic—the third meta-norm is necessarily in conflict with the second.

The distributive norms following in the wake of a libertarian ethic will differ to a substantial degree from those of the utilitarian. The first three meta-norms will emerge but with different specific content and circumstance. Norms to mutual benefit are possibly the bread and butter norm of the capitalist economy which of course is a large part libertarian political thought.²⁵ The second norm, moving people to lower indifference curves must necessarily have a different content—it is related to the exercise of rights, or more precisely, of *property rights*. Efficient

²⁵ Cf. (Nozick, 1974; Narvesson, 2001; Rand, 1954; Hayek, 1990; Hayek, 1948; von Mises, 1949; Friedman, 1962, 1990) for some references about the relationship between capitalism and libertarianism.

distribution may be many a kind unlike under utilitarian ethics which only allowed for efficiency if the market outcome of interaction happens to generate efficiency. Further, there can be no specific idea under libertarian constraints about where a distribution ought to land on the contract curve. The major difference between the distributive norms generated under a libertarian versus that of utilitarian ethic is that there is no specific idea on what distributions *ought to be* built into the theory. The assumptions (the additive utility function) and moral imperative (*good* is maximization of social utility) of utilitarianism we saw, drove distributions towards equality which in my mind represent such a specific idea.

The idea that distributions ought to be in a particular way Nozick called an *end-state*, or a *patterned* distribution, that is, the distributive points (preferably efficient points) ought land on the contract curve on point *P*, wherever that may be according to some principle or other (cf. Nozick, 1974:149 *et seq.*). For instance, 'distribute according to merit', or 'distribute according to height', or 'according to need' according to 'productive input to society' or, as in the case of utilitarianism according to 'what maximizes social utility' are several such principles or *patterns* of distribution. The libertarian distributive norm is by comparison *non-patterned*, or not an end-state principle of distribution, that is, the outcome of individual acts can be anything, there is no particular distribution that is good, or just or whatever word one wishes to use (Nozick, 1974:153). The libertarian norm is by contrast a procedural or historical norm where the legitimacy of the outcome depends solely upon the legitimacy of the transactions leading up the outcome. If all acts leading up to a certain distribution *D* correspond to the constraints of the ethic's schema for right and wrong, in this case the (negative) right to non-interference, then the outcome is to be considered *good* no matter where it lands on the contract curve. The distribution can be however unequal, it has no bearing on its legitimacy.²⁶

A fourth norm, a norm of specific ideas on where distributive points ought to land on the contract curve, is irrelevant under a libertarian ethic. This poses a distinct contrast to the drive towards the equal distribution under the utilitarian ethic. The libertarian ethic instead has a high focus on voluntary acts, a non-coercive process, which presumably leads to efficiency, but not necessarily so. Should this process not lead to efficiency the libertarian ethic would be unlikely to allow for any state redistribution, even if only for the purpose of reaching efficiency. Arguably this makes it unlikely that the third norm has any particular bearing under libertarian constraints. Only if the market process itself produces efficiency would the libertarian pay any attention to this norm.

So voluntary acts that are mutually beneficial is arguably the most important norm under a libertarian ethic. However, the second norm, that is acts that move individuals to a lower indifference curve, might just make a run for the prize. The right to non-interference must override any other consideration in the libertarian ethic and if the exercise of rights should move someone to a lower indifference curve then so be it. I may not be allowed to force you to do anything against your will and hence move you to a lower indifference curve (which would be entirely

²⁶ Economists seem to prefer to say *Process Justice* when referring to Nozick's *Entitlement Theory of Justice* (Schotter, 2001:588 *et seq.*)

possible under utilitarian constraints given that it increases social utility) but I may kick you off my property. Say you were using my land for something unknowing that it was in fact my land. I find out and kick you out which I would be in my right to do. However you would not be able to use my land anymore which would presumably be detrimental to you since you obviously needed (or just wanted) to use it. You would hence be forced to a lower indifference curve.

In summation, utilitarian ethics tend to drive distributive norms towards *equal* distributions while libertarian ethics drive distributive norms towards *non-patterned distributions*. It might further be interesting to apply Rawls' difference principle (cf. Rawls, 1971). How do the four norms relate to the arrangement of distributive institutions in society in such a way that they are advantageous towards those with the lowest endowments? An even greater challenge, perhaps, would be Varian's *envy-free* utility allocation, that is where no one envies the allocation of another as a result of starting out from an equal position, then choosing the allocation they want according to their preferences (Varian, 1971). It would provide yet other schemas for good and bad to further enhance the argument of the essay. We are however, quickly running out of space and Varian and Rawls will have to be left out for now.

Conclusion

The argument reviewed

The argument in this essay can be summarized with following set of premises and conclusion:

- People are rational utility-maximizers and seek to procure benefits (or utility units) for the purpose of reaching their life goals
 - Interaction with other people is beneficial to this cause
 - Interactions have distributive consequences
 - Ethical concerns affect the utility functions of individuals—they choose differently under different ethical foundations which in turn alters the distributive outcome
 - Ethical foundations can be defined by human beings
-
- Hence, a rationale for imposing moral beliefs on others exists in order to define the social distribution of utility to one's own advantage. This might represent a partial answer to the question of why there is political struggle.

The following is a recount of some of the concerns I might have about this argument, and some weaknesses, if you will. It could also be viewed as a suggestion for further research on this under-researched junction between the study of ethics and rational choice.

It should be noted that I do not propose this as a universal and definitive answer to the very big question of why there is political struggle. I do not wish to minimize other concerns, such as belief in ideology or spiritual convictions of good and bad which might shape our choices and actions. The procurement of distributive shares ought to be seen as a possible piece in a much larger puzzle.

It should also briefly be discussed what 'function' I ascribe to ethics in this argument. This essay is arguably about preferences more than ethics so what's the relation? A question one might legitimately ask is if ethics are a constituent of the individual utility function or if it is just instrumental in some way. My argument is similar, I would say, to that of Jack Knight, i.e., ethics are instrumental in justifying some distributive outcome (cf. Knight, 1991). We may define ethics to justify a particular distribution. It does not, in this model, constitute an integral part of the individual utility function, it should rather be seen as some instrument for altering it.

It should be noted that there are others who have ascribed ethics a different function. For instance North (1990) would likely see ethics as some coordination tool in the process of human interaction that reduces the transaction costs of inter-

acting. While arguably still instrumental it is not an instrument of justification, but rather one of coordination.

However, I do propose here that ethical concerns may be construed as altering the individual utility function and might one not then also conclude that ethics are a constituent rather than an instrument? This is perhaps a small kink in the armor of this argument, but not one that undoes the point which is that ethical concerns alter choices and hence the distributive outcomes they might have which in turn creates the rationale for political struggle.

A related issue that of result of the argument, namely that under given conditions (rationality etc) it is possible to show that different ethics might result in different distributive consequences. But one must seriously consider if the outcome of the analysis is not limited in scope. It's very possible that a similar analysis performed on the briefly mention ethical positions of Rawls and Varian would lend support to the argument by showing the emergence of yet other distributive norms, but Nozickian Libertarianism, Utilitarianism, the Rawlsian position etc. are similar types of arguments. They are based on, or at least incorporate some element of, rational actors. As already mentioned, one might get into trouble if the same analysis is performed on something decidedly non-rationalistic, like virtue ethics or Kantian imperatives of duty. Ethics might not be reducible to satisfaction of preferences as is what this argument really proposes. It should be kept in mind that the outcome of the analysis might be limited.

Further, the world I've painted might look excessively like some zero-sum game where the imposition of some ethical foundation is someone's gain and another's loss. Is this a fair assumption to base the model on? The world is a zero-sum game sometimes, but at other times it is not. In the real world positive-sum games might of course exist in societies with any kind of dominant ethics, that is to say, those who disagree might still find advantages under the imposition of 'someone else's' ethical foundation. However, as a model, as a proxy for reality, I think one might let such an assumption slide, even though it might lack a certain nuance.

Summary

In this essay I have argued that different ethical positions produce different distributive norms. Under the assumptions of the rational actor perspective this creates a rationale for imposing ones moral beliefs on other in order to swing the social distribution of benefits to one's own advantage. I have done so by first clarifying the distributive outcomes of acts at the individual level in an amoral state. I've then added the constraints of ethical considerations on individual choice and clarified how this might alter the individual utility function. Subsequently, I've argued, the acts individuals take are different with different ethical foundations and as a consequence the distributive outcome varies with different ethics.

References

- Arrow, Kenneth, 1951. *Social Choice and Individual Values*. New York: John Wiley & Sons.
- Axelrod, Robert, 1984. *The Evolution of Cooperation*. New York: Basic Books.
- Banncock, Graham; Baxter R. E.; Davis, Evan. 1998. *Dictionary of Economics*. St. Ives plc: Penguin
- Barr, N., 1998., *The Economics of the Welfare State*. Standford University Press
- Bator, Francis M., 1958. "The Anatomy of Market Failure." *Quarterly Journal of Economics* 72 (AUGust): 351-79.
- Bentham, Jeremy, 1994. "The Principle of Utility", p. 306-312 in Singer, Peter (ed.), *Ethics*. Oxford: Oxford University Press
- Berg, Andreas. "Poverty and New Welfare Economics", forthcoming in Hatti, N. et al. (eds.). *The Concept of Poverty and Economic Theory*.
- Berlin, Isaiah, 1958. *Two concepts of liberty : an inaugural lecture, delivered before the university of Oxford on 31 October 1958*. Oxford: Oxford University press
- Boaz, David, 1997. *Libertarianism – A Primer*. New York: The Free Press
- Catholic Encyklopedia: <http://www.newadvent.org/cathen/03343a.htm> : 2005-01-08).
- Cohen, G. A., 1995. *Self-Ownership, Freedom and Equality*. Cambridge: Cambridge University Press.
- Cowen, Tyler (ed.), 1988. *The Theory of Market Failure: A Critical Examination*. Fairfax: George Mason University Press.
- Dahl, Robert. A, 1991. *Modern Political Analysis*. New Jersey: Prentice-Hall
- Friedman, Milton, 1962. *Capitalism and Freedom*. Chicago: The University of Chicago Press
- Friedman, Milton, 1990. *Free to Choose: a personal statement*. New York: Harvest
- Hausman, Daniel M., et at., 1996. *Economic Analysis and Moral Philosophy*. Cambridge: Cambridge University Press
- Hayek, Friedrich, A., 1948. *Individualism and the Economic Order*. Chicago: Chicago University Press
- Hayek, Friedrich. A, 1960. *The Constitution of Liberty*. Chicago: Chicago University Press
- Hobbes, Thomas, 1968. *Leviathan*. Harmondsworth: Penguin
- Kant, Immanuel, 1994. "The Categorical Imperative", p. 247-279 in Singer, Peter (ed.), *Ethics*. Oxford: Oxford University Press
- Knight, Jack, 1992. *Institutions and Social Conflict*. Cambridge: Cambridge University Press.
- Kymlicka, Will, 1990. *Contemporary Political Philosophy*. Oxford: Oxford University Press.
- Lacy, A. R, 2001. *Robert Nozick*. Princeton: Princeton University Press
- Levy, John M., 1995. *Essential Microeconomics for Public Analysis*. Westport: Praeger Publishers

- Locke, John, 1960. *Two Treatises of Government*. New York: New American Library
- Mead, George H., 1934. *Mind, Self, and Society*. Chicago: University of Chicago Press.
- Mill, John, Stuart, 1987, *Utilitarianism and other Essays*. Harmondsworth: Penguin Classics
- Mises, Ludwig von, 1949. *Human Action*. New Haven: Yale University Press
- Munday, Stephen, 2000, *Markets and Market Failure*. Oxford: Heinemann
- Nareveson, Jan, 2001. *The Libertarian Idea*. Peterborough: Broadview Press
- Narveson, Jan, 1998. "Libertarianism Vs. Marxism: Reflections on G. A. Cohen's Self-Ownership, Freedom and Equality". *The Journal of Ethics* 2: 1-26, 1998.
- Nicholson, Walter, 2002. *Microeconomic Theory: Basic Principles and Extension*. London: Thomas Learning.
- Norman, Richard, 1998. *The Moral Philosophers: An Introduction to Ethics*. Oxford: Oxford University Press
- North, Douglas C., 1990. *Institutions, Institutional Change and Economic Performance*. Cambridge: Cambridge University Press
- Nozick, Robert, 1974. *Anarchy, State and Utopia*. New York: Basic Books.
- Nozick, Robert, 2001. *Invariances – The Structure of the Objective World*. Cambridge: Harvard University Press
- Ostrom, Ellinor, 1990 *Governing the commons: the evolution of institutions for collective action*. Cambridge : Cambridge Univ. Press, 1990
- Ostrom, Ellinor, 1997. "A Behavioral Approach to the Rational Choice Theory of Collective Action: Presidential Address, American Political Science Association, 1997. *The American Political Science Review*, Vol. 92, No. 1 (March, 1998), 1-22.
- Perman, Roger *et al.*, 2003. *Natural Resource Environmental Economics*. Harlow: Pearson Education
- Rachels, James, 1999. *The Elements of Moral Philosophy*. New York: McGraw-Hill College
- Rand, Ayn, 1957. *Atlas Shrugged*. New York: Signet.
- Rand, Ayn, 1961. *For the New Intellectual*. New York: Signet
- Rand, Ayn, 1963. "Man's Rights." in *The Virtue of Selfishness*. New York: Signet
- Rawls, John. 1972. *A Theory of Justice*. Oxford: Oxford University Press
- Robertson, David, 1993. *Dictionary of Politics*. London: Penguin
- Rosen, Harvey, S., *Public Finance*. New York: McGraw-Hill Irwin
- Ross, D.W., 1930. *The Right and the Good*. Oxford: Clarendon Press
- Samuelson, Paul A., 1954. "The Pure Theory of Public Expenditure." *Review of Economics and Statistics* 36 (November): 387-89
- Schotter, Andrew, 1981. *The Economic Theory of Social Institutions*. Cambridge: Cambridge University Press.
- Schotter, Andrew, 2001. *Microeconomics. A modern approach*. New York: Addison Wesley
- Sen, Amartya, 1999. "The Possibility of Social Choice." *American Economic Review*, vol 89, no. 3.
- Snare, Francis, 1992. *The Nature of Moral Thinking*. New York: Routledge

- Statman, Daniel, 1997. "Introduction to Virtue Ethics", p. 1-41 in Statman, Daniel (ed.), *Virtue Ethics*. Edinburgh University Press.
- Taylor, Michael, 1976. *Anarchy and Cooperation*. London: John Wiley
- Taylor, Michael, 1987. *The Possibility of Cooperation*. Cambridge: Cambridge University Press
- Ward, Hugh, 2002. "Rational Choice" in Marsh and Stoker (ed.), 2002. *Theory and Methods in Political Science*. New York: Palgrave MacMillan
- Varian, Hal R., 1974. "Equity, Envy, and Efficiency," *Journal of Economic Theory* 9: 1-23