

## “Ethics, Economics and Posterity”

Talk given to the Virginia Tech Worldwatch Seminar

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*The VT Worldwatch Seminar Series, organized by University Distinguished Professor Bruce Wallace (1920-2015), was a weekly forum for the discussion of interdisciplinary perspectives on environmental issues. It was provoked by the 1990 Worldwatch Institute State of the World Report, which asserted that the world had 40 years to put itself on an environmentally and economically sustainable basis, else we will lapse into a slow but irreversible downward spiral. Others that I recall participating in the meetings were Richard Bambach (Geology), Sandra Batic (Agricultural Economics), Henry Bauer (Chemistry & STS), Richard Burian (Philosophy & STS), John Cairns (Biology), Mike Rosenzweig (Biology), and Len Shabman (Agricultural Economics). The following talk was given in response to a talk the previous week by Len Shabman. I took it as an opportunity to respond to an economists' world view.*

Last week we heard from an economist about the optimist's view of the fate of the earth.

I think it would be fair to summarize the points made under the following four categories (not in order):

- 1) The environment is really not in as bad of shape as environmentalists think it is.
- 2) The measures that environmentalists are inclined to take often do more harm than good.
- 3) Market mechanisms and human ingenuity will most effectively make any adjustments that are necessary to save the environment.
- 4) Although life in the future may be and probably will be quite different from how it is now, we have no business trying to impose our values on the future.

These points cover a great deal of territory.

Since I come here as a representative of philosophy and ethics you may expect me to be particularly idealistic in a naïve way, or moralistic in a preachy sort of way. I hope that won't be so. But then, if not these, you might not know what to expect. Instead of preparing you, I will simply proceed to discuss the four topics:

### 1) *“Things are not really as bad as you think”*

For example, Shabman points out that we are no longer experiencing a net loss of wetlands, and air and water are now cleaner than they were 20 years ago.

No doubt there are errors, over-estimates and under-estimates, in our assessments of damage to the environment. Philosophers per se have nothing to contribute to the question whether particular assessments are exaggerated. But there are still some things worth saying.

There seems to be an implicit inference here that since certain assessments are exaggerated, that our over-all assessment of environmental damage is exaggerated. But we should be wary of this kind of suspicion by association. Are we supposed to think that the environmental crisis is just a PR conspiracy foisted on us by a bunch of evil radicals? But what if there is at least some purposeful or at least knowing exaggeration occurring on the part of environmentalists. If that is so, and I don't know that it is, it may be a response to the

widespread, almost innate, tendency toward wishful thinking in humans. Since it is so natural for us to under-estimate the significance of problems, maybe the only way to get a proper appreciation of them by the public is to exaggerate their significance. I'm not endorsing this, and it raises problems about education vs. indoctrination that I will address later. But it is important to keep in mind the dialectic of the political process. Is it my responsibility to speak the truth as I see it, or to speak in such a way that people are likely to hear the truth as I see it? That is a dangerous question, but just so you don't start feeling self-righteous about it too easily, how many of you with school-age children ever exaggerated how soon the bus was due to arrive in the morning to bring your dawdling breakfast-eater back to reality?

Actually, I think that deep-down Len is willing to admit that the environment is going to hell in a handbasket. But for him the crucial question is—How soon? He seemed to think that the difference between 50 and 300 years would be significant. I agree that the rate of degradation makes a difference: Presumably it affects what means we can trust to make the necessary accommodations. Perhaps the market could be trusted to accommodate a 300-year problem, while significant legislation would be necessary to deal with a 50-year problem. Worldwatch tends toward the 50-year figure, but the problem is that we don't know. If the market can't be trusted to accommodate the 50-year problem, then it is risky to wait to find out, hoping that it is a 300-year problem. Perhaps environmentalists are simply more risk-averse than the general population, but I don't see what we get out of taking those risks. Basically, I guess, we get to carry on with business as usual. Of course, that's the preference of the wishful thinkers.

Suppose we were to wait to take significant action until environmental disaster is palpable—that way we wouldn't risk taking action unnecessarily—but then it may be too late for even legislative action to deal with the problem. I would prefer to take whatever steps are necessary to be able to deal with the problem when or if it arises, and then be able to sigh with relief if it does not. The problem can be compared to the problem of when to pull the ripcord on a parachute. Free-fall is fun—why stop it before we have to? But on the other hand, the strategy of waiting until you feel pain in your feet is a fatal one.

This problem was articulated by another economist, Sandra Batie, last year as one of: How much insurance are we willing to buy against the risk of global warming in the next 50 years? I confess that the answer to that, for most people, is "very little." But I'm not sure what that shows, because I think it is a misguided question. I propose the following question instead: Suppose you want to go on a vacation but can't afford it—you have too many children and your expenses are too high. Suppose also you found a bank that was willing to loan you the money on the collateral of the future earnings of your great-grandchildren—i.e., they would pay off the loan for you. Would you take the loan? Of course not. You'd be a schmuck to! Of course, your great-grandchildren may have the affluence to pay off the loan, but who do you think you are to count on that?

My form of the question makes it clear we are imposing risks on others. Sandra's form of the question makes it seem like we are simply accepting risks for ourselves. That's a big difference.

2) *"The measures that environmentalists are inclined to take often do more harm than good."*

As with the first issue, the evidence for this tends to be anecdotal, with a suggestion of guilt by association. For example, by legislating better gas mileage for cars, we made it cheaper to travel by car. The suggested implication of this is that we increased consumption of gas, and so defeated our purpose. But this would be so only if the demand for car travel was quite elastic, so much so that increased consumption outweighed increased efficiency. I do not know all the details of this case—and as a philosopher I'm not supposed to—but even if it was misguided, what has been the overall impact of environmentalists' measures to protect the environment? If Len was right in his claim that air and water are now cleaner than they were 20 years ago, then I would say that shows that environmentalists' measures have over all done more good than harm.

But I do accept Len's point that environmentalists' measures are not always thought through. For any proposed measure, we always need to ask ourselves "And then what?" before we can accept it. Unfortunately, our traditions have not prepared us well to think in that way. Our reaction is to try to meet the immediate need as it is presented to us, without inquiring into the longer-term consequences. When we wish to praise this, we call it "compassion," when we wish to criticize it we call it "bleeding-heart liberalism." By whatever name, it's found throughout the gospels of the New testament. Jesus is always encountering people with immediate needs—they're blind, lame, hemorrhaging or possessed—and they seek his help. He responds with a miracle—a quick-fix. The problem is gone, and the newly-sighted man rides happily off into the sunset...or does he? We never find out, because Jesus is outta there, and so is the Biblical journalist. Of course, one problem is gone—the "presenting problem," as they say in the helping professions. But "Then what?" Do other problems take its place? How is the newly-sighted man going to earn a living, now that he can't beg (or will he keep the sunglasses on and beg anyway)? How will his mother feel about not having anyone to take care of any more? Will this guy's blind buddies still want to hang out with him? We don't find out. But the evidence from pop psychological work on family systems and co-dependence is that you can't change just one thing and expect it to do any good. "Dry" alcoholics become drinkers again when they return to an unchanged family situation. Anyway, the point is that Jesus is a miracle worker, not a social worker. He doesn't see to the long-term prospects for his clients. For example, none of them become his disciples. For example, in Mark (Mk 5: 18-19) an exorcised man asked to go with Jesus, but Jesus forbade it. Why—we don't know—but Jesus was into compassion.

Of course, we need miracles, but even more we need sustainable miracles, and the gospels don't help us to think along those lines. If we don't know how to make sustained miracles, would we be better off not making miracles at all? That's a hard one to swallow, for it asks us to suppress our compassion. And without our compassion I'm not sure where we'd be—morally speaking. It's all well and good to speak of the greater good of posterity, but if that means refusing to feed hungry mouths because they'll produce mire hungry mouths, that's tragic. Len admitted that economists accept tragedies, but I'm not sure I can accept them with as much equanimity. Perhaps the issue here is partly one of temperament.

3) *"Market mechanisms and human ingenuity will most effectively make any adjustments that are necessary to save the environment."*

Although we are working from a finite, limited resource base of things like topsoil and fossil fuels, economists emphasize how human ingenuity can make that finite base go further and further, through the increased efficiency of technology and social organization. And economists also emphasize how market mechanisms will encourage conservation through price increases and resource substitutes. Thus, the alleged “limits to growth” tend to be hurdled from decade to decade. Faith in human progress within the free market is the proper moral to draw from a fair-minded look at history. So says the economist.

It is hard to know how to evaluate a view like this, especially when so much hangs in the balance. Inductive arguments are helpful when cases to be projecting to be relevantly like cases you are projecting from—cases you have examined. Thus, if the future is relevantly like the past, then we can trust human ingenuity to save us just like it always has. But in this case part of the issue is precisely whether the future will be at all like the past. If we are reaching certain limits, then it won't be. And the fact that we reached no limits in the past is an unsatisfying ground for claiming there are no limits. You could just as well prove your own immortality from the undeniable fact that you haven't died so far! But rather than quibble about the proper lessons to be learned from the past, I want to consider the operation of market mechanisms in dealing with environmental issues.

There are well-known problems with the ability of markets to deal with long-range problems, since the time-horizon of businesses and investors tends to be less than 10 years, and certainly no more than 15 years. Although Len acknowledged these problems, I wish he had had something to say about them.

In general, he wanted to argue for the superiority of market mechanisms for changing environmental behavior as compared with the only other mechanisms—moral education (or, preaching) and legal regulation (or, sanctions). My own view is that we don't need to choose between these mechanisms because all three of them are necessary—though we would still need to discuss their proper roles. But to begin with, as I said, they are all necessary: All economists worth tenuring agree that the market has to be supplemented by legal regulation. So far as the environment is concerned legal regulation is necessary to deal with long-term problems, and it is also necessary to deal with common resources, such as air and water. We cannot survive with a free market that allows producers to communize their costs by polluting air and water with impunity. And when Len talks about using cost incentives to reduce polluting behavior, rather than direct regulation, it is still necessary to have legal regulations that determine the cost incentives and legal coercion to enforce them. The market can't replace legal regulations and sanctions. I think a fair way to put Len's point is that we should more often consider using market incentives, because they can often work more efficiently than direct regulation.

But even market mechanisms and legal regulation together can't replace moral education. In defending the superiority of market mechanisms over legal regulation, Len said that “If we want to reduce gasoline use, we ought to put a \$1 tax on gasoline, rather than mandatory fuel efficiency standards for auto manufacturers.” But who is the “we” he is speaking of here? The “we” in this room don't have the power to tax gasoline, and the people who have the power to tax gasoline can barely bring themselves to add 5¢ to the tax. So, the market incentive won't come into play unless it is instituted by a legal regulation. And the legal regulation won't be instituted unless those who have the power to do so are persuaded to do

so—and that is where moral education must come in. So the problem is not whether to moralize, but when and where and how best to moralize. Again, Len's point should be that we should more often consider using market mechanisms because they can often work more effectively than moral education. In general, I think the position of the economist is that the best way to institute society's values is to manipulate the market, not to try for voluntary conformity through sheer education, and not try for conformity through legal coercion.

I feel unsure about this, but I want to try to articulate my reservations about that view. Market mechanisms seem to involve an uncomfortable sort of double-speak about society's values: As though we are say, on one hand we don't want you to consume more than a certain amount of gasoline, for example, and on the other hand we tell you that you can use more than that amount if you pay a tax. To the question of whether it is okay to use more gasoline, we are giving an equivocal answer. Though most environmentalists will not like this comparison, it is rather like telling a teenager he should not have casual sex and then providing him with a condom in case he does. Are we, as a society, taking a stand against excessive fuel consumption, or are we not? How can giving a conditional permission for something constitute taking a stand against it? So I think there are real problems about what it means for a society to institute its values through market incentives. Values simply don't work like incentives. Perhaps the economist will think: So much the worse for values. But I don't see that we are in a position to jettison values. We'll return to this in discussing the fourth point.

One may have reservations about moral education along the lines indicated by Henry Bauer several weeks ago. What I am calling moral education is really, according to Henry, nothing more than indoctrination, since we are trying to influence people's preferences. Education, he claims, is going on only if your sole goal is to get people to think for themselves. I have to confess that I have reservations about that view of education, as attractive as it is in many respects. Thinking for yourself may be necessary, but it is not sufficient for being educated. An educated person must attain recognized standards of thinking *well* about the subject in question. If you "think for yourself" about calculus and continually give wrong answers, you are independent-minded, but you are not mathematically educated. A mathematically educated person can't reach any old conclusions, and when I educate you about mathematics I have to get you to reach certain conclusions, and get you to reach them for the right reasons. If Henry insists on calling this indoctrination, then I will have to insist that education always involves some indoctrination. Then we need to think about which kinds of indoctrination are legitimate, and which kinds are not. The issues surrounding so-called political correctness are not nearly as simple as Henry makes them out to be. Socrates would seem to be a paradigm of an educator—but he would not accept mere independent-mindedness as a sign of an educated person.

By arguing that human ingenuity and the market are the most effective ways of dealing with environmental issues, one may be trying to prevent people from calling for or taking bold and risky measures—as though ingenuity and the market will operate on their own to take care of the problem *for* us. This reminds me of a related view—some people may think that God would not allow people to be doomed by environmental problems. God will save us. (I think there's an interesting analogy there.) This reminds me of the story about the man who died in a flood. An officer came by the house to warn him to leave, but the man said—God will take care of me. When the water was higher up to the porch, a neighbor came by with a boat, but

the man said—God will take care of me. Finally, when the flood waters rose so much that the man had to climb onto his roof, a rescuer came by with a helicopter, but the man said—God will take care of me. The man drown and when he met God inside the pearly gates he asked God—Why didn't you take care of me? God said—I tried. Why did you think I sent the man and the boat and the helicopter?

Perhaps the human ingenuity that will save us is not the kind that engineers and economists have—where the rest of us can sit back and wait for it to bless us with a painless yet more efficient use of our resources. Perhaps the ingenuity is in the environmentalists' willingness to cry out and provoke changes in values and laws and policies. If we are going to put our faith in human know-how, let's not forget how much of that resides with environmentalists. Perhaps we will be saved, much to the economists' chagrin, by the refusal of the environmentalists to shut up and trust mere technological and economic ingenuity.

If there are any prophetic voices crying in the wilderness, let's not forget that it is largely because of the environmentalists that there are any wildernesses left to cry in. Because if it were left to the economists, every wilderness would have its price.

The way Len talked about his faith in the appearance of solutions for our problems made me think that he saw it as something more than faith, more like something that was true by definition. For example, he began by saying that problems create their own solutions and solutions *will* occur. (And in the discussion, he said that if you don't have a solution, then you don't have a problem.) At first I didn't know what he could possibly mean by that. After all, the problems in Northern Ireland and the Middle East have not led to their own solutions. The problems of homelessness and starvation have not led to solutions. By a solution I mean an improvement, or a situation that is satisfactory to those who are involved. That's obviously *not* what Len means. When he says that a problem like starvation creates its own solution, the solution he has in mind may be death. Or in the case of international conflict or civil unrest, a solution will occur: either it will be a peaceful solution. In the case of a negotiated settlement, or it will be a violent solution, in the case of war. Either way, there is a solution. By saying that the problems create the solutions I think he just means that problem situations don't last forever. But that is no consolation if the so-called solution is worse than the problem situation, as it may very well be. Economists are just playing with words to call that a solution. That's not what anyone else means by a solution. But if we are to agree with the economist that problems create their own solutions, then we still need to ask whether that solution is *worth having*. I think it often may not be worth having—because it is not acceptable to those involved. But this leads directly to the fourth issue.

4) *"Although life in the future may be quite different from how it is now, we have no business trying to impose our values on the future."*

Several times, Len said that the issue is not about survival, but about preferences. Presumably he meant that all that is uncertain is what conditions will be *like* in the future, and how people will feel about that. The implication seemed to be that we have no business evaluating the future in terms of our own preferences in the present. The people of the future, being dutifully adaptable humans, will be able to find happiness in whatever circumstances they find themselves in—so, even if we could not find happiness in those circumstances, who

are we to complain...on their behalf? So, there is no point in making a big fuss about a future that will be populated by a bunch of happy campers in any case.

This is an interesting argument, if I've gotten it right—but I have some serious reservations. It seems like you could make the same argument to defend oppressing people. If we conquer and exploit a group of people, after a while they won't know any better, they'll get used to their oppressed condition, and being dutifully adaptable humans, they'll find ways to be happy. So, who are we to condemn oppression, since the oppressed may not mind?

Well, the answer is that preventing the satisfaction of people's preferences isn't the only way to mistreat them. You can mistreat them by changing or narrowing their preferences too. We can bemoan a person's condition because she is unsatisfied, but also because her satisfaction depends on a limited awareness of possibilities. This latter, I assume, is what accounts for our discomfort with the oblivious happiness of the stereotyped 1950's housewife. Her preferences are artificially narrowed by her limited range of possibilities. So when an economist begins talking about the "sovereignty of individual preferences" for social decision-making, I want to know why the person has the "sovereign" preferences she does have. An economist might accuse us of excessive paternalism here, in claiming to know what's best for the housewife, or for future generations. But I think we can establish a clear standard for evaluating people's preferences: Are the preferences invulnerable to new knowledge? If so, they are legitimate. If not, then they are not the kind of preferences I want to hang my ideology on, as economists have done. Presumably if the housewife knew of or lived in conditions of greater freedom she might be unsatisfied with her lot. If so, then the satisfaction of her original preferences is not the final word in assessing her condition.

If the people in our environmentally degraded future could know of or live in conditions of greater environmental health, they might well be unsatisfied with their lot. They can justly claim that we oppressed them by exploiting more than our share of resources—by taking out a loan for our easy living using their share of the resources as collateral. The fact that people of the future might not complain in this way does not show that they are not oppressed—it only shows that they don't realize their oppression. That's precious little consolation for us to live on.