

# **Economic Policy and the Common Good**

Rowena A Pecchenino\*

Department of Economics, Finance & Accounting  
Maynooth University  
National University of Ireland, Maynooth  
County Kildare  
Ireland

Email: [Rowena.pecchenino@mu.ie](mailto:Rowena.pecchenino@mu.ie)  
Phone: 353 1 708-3751

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## *Abstract*

All conceptions of the common good agree: for the individual to flourish, society must flourish, and for society to flourish the individual must flourish. But what is this common good that is essential for flourishing and how does the pursuit of this good shape the individual and society? This paper presents various conceptions of the common good, asks what a society must provide to enable its citizens individually and collectively to flourish, examines an actual society from this perspective, finds it wanting and critiques economic policy from a common good perspective to establish where and why it falls short. The paper concludes with a discussion of how economic policy can be designed to support individual and societal flourishing, that is, the common good.

Keywords: common good, flourishing, economic policy, society, individual

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# Economic Policy and the Common Good

## 1. Introduction

Philosophers for millennia have suggested that for the individual to flourish, society must flourish, and for society to flourish, the individual must flourish. In the past century or so economic analysis has concentrated instead on the individual. For economists, if the individual flourishes the individual flourishes, full stop. Kenneth Arrow, in an attempt to get economists to recognize and, perhaps, embrace society, began his 1994 American Economic Association Richard T. Ely Lecture with the following observation on how economics is done:

It is a touchstone of accepted economics that all explanations must run in terms of the actions and reactions of individuals. Our behavior in judging economic research, in peer review of papers and research, and in promotions, includes the criterion that in principle the behavior we explain and *the policies we propose* are explicable in terms of individuals, not of other social categories (Arrow 1994, p. 1; emphasis added).

He goes on to argue that, whether economists recognize it or not, this is emphatically not the case. The individual lives in, is formed, enhanced and supported by, and contributes to society. Arrow insists that society needs to be explicitly recognized and better reflected in all economic analysis. This is especially true for economic policy analysis.

Bowles and Gintis (2000) continue the lament. Economists are still in thrall to a Walrasian economic man, the rational utility maximizer whose preferences are self-interested and exogenously given. They call for a return to a more Marshallian view of the world when economic man was not viewed as totally self interested, but who,

rather, was shaped by social institutions, complied with social norms and cared for others. In their view of the world power relationships, strategic and pro-social behavior matter and can affect the outcomes even of the sacrosanct competitive market. They too call for a change in economic analysis to make it more institutional and behavioral and to recognize individuals as pro-social beings.

While progress has been made, economics remains focused on the individual. This can be seen in work tracing pro-social behavior as the pro-social behavior identified is almost always that of individuals (Benabou and Tirole 2006, Meier 2006, Cardenas, Chong and Ñopo 2013) rather than groups of individuals working together for common purpose, that is society. This perspective may be changing with the publication of Jean Tirole's 2017 *Economics for the Common Good*. However this presupposes an understanding of what defines the common good, the good life of society and each of its citizens, and what a society must guarantee all citizens, individually and collectively, to ensure that all can enjoy and contribute to that good.

To improve this understanding, I first present a selection of conceptions of the common good and then assess their similarities and differences to discover if there are core features common to all common good constructs. Second, taking the United States as an example polity, I describe a number of examples of groups in American society who, it can be argued, have been excluded from the common good. Third, I propose that economic policy contributes to society to the extent that it is undergirded by a conception of the common good, and show that it is not. Finally, I suggest how the common good can guide economic policy making to achieve a better world.

## **2. Conceptualizing the Common Good**

There is no single definition of the common good. Here good is not used to refer to

what is consumed individually or by society as a whole, but to the quality of life achieved by society as a whole, in common, and by each member of that society. The remainder of this section contains a sampling of different definitions and developments of the common good. The discussions are brief and expository rather than critical. What this is intended to achieve is an appreciation of the importance of the common good to the individual and to society.

## 2.1 Aristotle<sup>1</sup>

Man, to Aristotle, is a social being who lives in and is defined by society. The ultimate social entity is the city-state. The good that leads to the formation of the city-state is life in community. Once it is established, the city-state exists to support the good life, the happiness/flourishing, *eudaimonia*, of its citizens, who, for Aristotle, were but a small fraction of the total population. This good life is Aristotle's highest good at which the community, individually and severally, aims. It is the common good. As the highest good it is desired for itself rather than as a means to obtain some other good, while all other goods are desirable only to the extent that they enable the obtainment of the highest good. For Aristotle the good life of the city-state, that is the common good, had priority over the good life of the individual citizen.

Achieving happiness, living the good life, to Aristotle was not a life of wealth, plenty and ease, although adequate wealth made its obtainment easier, rather it was a lifetime characterized by using reason well to guide one's activities, as reason differentiated man from beast. Doing so enabled the individual to lead a virtuous life, for happiness is but virtuous activity. While the end appears vague, it is built on the more tangible subsidiary goals of honor, friendships, wealth, pleasure and magnanimity all

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<sup>1</sup> This section draws on the following sources: Aristotle's Politics (Jowett translation 1885) Aristotle's Nicomachean Ethics (Crisp translation 2000), Miller (2017), Kraut (2017).

necessary to the achievement of the ultimate goal. And while the good life, a life of virtuous actions, is the ultimate goal of the individual, it is also the ultimate goal of the city-state. Aristotle's city-state was governed by a living constitution reflected in laws, institutions, among them one of education, specifically moral education, for its citizens, and customs that evolve to maintain the constitution. In the city-state political rights were given to and justice reserved for the enfranchised citizens, those of property and freedom as well as virtue, those who could and were expected to actively participate in the political community.

Aristotle conceives justice broadly or universally and narrowly or particularly. The broad conception means lawfulness and is concerned with the happiness of the community as a whole. The law here is understood to mean law, custom and rule, so it is both the law and the interpretation thereof. The narrow conception is often referred to as equality or fairness, where equality is proportional rather than arithmetical and fairness can depend on one's position (in terms of one's virtue), as a citizen, in the city-state.

Aristotle's common good, bound as it is to the socio-political structure of the city-state, does not translate easily beyond its Hellenic setting to one where citizenship is more encompassing. However, his ideas surrounding the virtuous, and therefore happy and good, life of the individual, the role of the state in both supporting the individual and in providing the structure for the good life of the community taken as a whole in precedence over the individual and his conceptions of justice have provided a philosophic foundation for the development of subsequent thought on the common good.

## 2.2 Aquinas<sup>2</sup>

For Aristotle the common good was common to the citizens of the city-state, for Thomas Aquinas, in contrast, the common good was common to all rational creatures everywhere. There was also not one common good, but a hierarchy of goods all with the same final end, the highest common good: eternal salvation. The achievement of the highest common good, salvation, was an individual pursuit requiring, in addition to God's grace, that the individual be oriented to God, pursuant of the good, doing good and eschewing evil. A life thus oriented was one in which the individual obeyed the greatest commandment: Love God with all your heart, all your soul, all your strength and all your mind. But it also required that the second clause of the commandment be obeyed, and that was to love one's neighbor as oneself. Since, by implication, all rational beings are our neighbors, the universality of God's reign is brought into its earthly setting and *caritas* is its defining feature. To obey these commandments required an individual to be, ideally but not necessarily for Aquinas, a good Christian. This required the individual to be moral and virtuous, where Aquinas's cardinal virtues were Aristotle's cardinal virtues: prudence, fortitude, temperance and justice. In addition, the individual needed to follow Aquinas's first principles of practical reason which directed individuals to intelligible goods, recognizable by all but only fully achieved and understood after a life of experience. These goods are to live in and contribute to the life of the family and society, to seek knowledge, to develop practical reasonableness, and to know God. The first goods are the created common goods of this life; the final good is the divine common good of the next. Together they lead to human flourishing, both temporal and transcendent.

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<sup>2</sup> This section draws on the following sources: Aquinas *Summa Theologica* (1981), Finnis (2014), Keys (2006), Maritain (1946), McCloskey (2002), Strauss (1957).

The universality of Aquinas's vision creates a practical problem. While God's dominium is universal, man's is not. Instead, men live in variously governed polities, whose remits are necessarily local and not universal. Even if they are well governed, their laws, institutions and customs are just, they provide the necessary moral education for their citizenry and they, going beyond the Aristotelian world, care for the poor and work to eliminate or ameliorate poverty by, at minimum, distributing their *superflua*. But their reach is finite, extending only to the common good of their own, when infinite reach is required to extend to all. An overarching legal structure, a higher authority sitting above and transcending all man made laws, even those of the Church, was needed so that all, believer and non-believer, would still be bound by these higher, universal laws. Further, for any man-made law to be just and therefore legal, in this higher sense, it would have to be consistent with this higher authority. This legal structure is Aquinas's Natural Law, law set out by God, knowable to all, believer and nonbeliever alike, in its inherent justness, reasonableness and rightness. Natural law is, in essence, axiomatically good. As the ultimate guide to just and right behavior, it leads to the challenge to the individual as to whether to be a good citizen of a bad regime, that is one not focused on the common good of its people, or being a bad citizen but a good person, a challenge not faced by the Aristotelian. Aquinas, in moving the common good from the very local to the universal, makes the idea of the common good more relevant and yet more challenging.

### 2.3 John Stuart Mill<sup>3</sup>

J. S. Mill was a Utilitarian and so was guided by the "greatest happiness principle" under which actions are right if they promote pleasure, that is, happiness and the

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<sup>3</sup> This section draws on the following sources: Mill (1861) *Utilitarianism*, Mill *On Liberty* (1859), Mill *On Representative Government* (1861), Brink (2013, 2003), Driver (2014).

absence of pain, and wrong if they produce pain. Happiness and the absence of pain are the ultimate ends. As for Aristotle, happiness, the good life, is the common good. This principle and guide to behavior is parallel to that given by Aquinas, to pursue the good and avoid evil. Happiness for the Utilitarian is not the individual's own happiness, but the happiness of all, and in determining the happiness of all, everyone's happiness counts equally. Thus, utilitarianism is both universal in scope and strictly egalitarian in nature. For Mill the ideal guide to behavior is, as it was to Aquinas, the golden rule: do on to others as you have them do on to you, and love your neighbor as yourself. To achieve this, laws, institutions and customs should be such that the happiness of the individual and the happiness of the whole are complementary. Further, education and opinion should inculcate the bond between own happiness and universal happiness so that it is not possible for the individual to contemplate pursuing his own happiness to the detriment of the overall good but instead in pursuing his own happiness he does so to augment the overall good.

What precisely constitutes happiness and thus the good to Mill is a matter of some controversy, as he discusses and seems to support at least three related but distinct concepts: hedonism in the Benthamite mode, where pleasure, as defined by each individual equates with happiness, desire satisfaction, where happiness is equated to the satisfaction of desire, and perfectionism, where happiness is found in the exercise of one's higher capacities for practical deliberation. Yet whatever his preferred definition, he states emphatically that the role of good government is to promote the common good, the happiness of all. It does this by promoting the "virtue and intelligence of the people" (Mill 1861, p23) by developing their "moral, intellectual and active traits" (Mill 1861 p23). The form of government he deems best, contrary to both Aristotle and Aquinas who preferred aristocracies, was a representative



democracy in which suffrage was universal since legislators, to pursue the common good, had to be answerable to all citizens, and in which the people from all classes, socio-economic groups and backgrounds, races, creeds, and genders in deliberating together would define their shared conception of the common good. The government, being chosen by the majority, had to ensure that the rights of the minority were protected and respected. The government would provide legal and physical public infrastructure, and ensure, through liberal education and redistribution, the alleviation of socio-economic inequality. It would provide the opportunities and resources necessary to live a happy life. It would protect individual and civil liberties, protect property rights, and allow the market to work while protecting workers, in recognition of the inequality of power between workers and capitalists. It would regulate the market by constraining or subsidizing output of goods, services, scientific research and the arts in the presence of negative or positive externalities. It would do all this to promote the general happiness, the common good.

#### 2.4 Rawls<sup>4</sup>

John Rawls returns to a more Aristotelian setting by considering a polity without universal reach. His reference polity is a liberal, pluralistic, relatively wealthy representative democracy in which individual citizens hold divergent and potentially incompatible views about what constitutes the good life or the common good, pursue their individually chosen good lives yet live harmoniously together. For this polity he develops a universally applicable theory of justice as fairness, a just arrangement of a society's "basic structure" as Rawls deems it. This structure is comprised of the society's fundamental institutions, including but not limited to its political

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<sup>4</sup> This section draws on the following sources: Rawls (1971, 2000), Hart (1973), Hausman and MacPherson (2006), Freeman (2000), Larmore (1999), Manin (1987), Nagel (1973), Wenar (2017).

constitution, legal system, economic system and personal domestic arrangements. It is agreed in a hypothetical primordial state behind a veil of ignorance before any possible individual outcome concerning date of birth, class, community membership, gender, wealth, aptitude, inclination, or any other individual defining features are known. It must be just for all. Justice resides in the institutions that comprise the basic structure because the costs and benefits of life in society are determined and distributed by these institutions.

For justice as fairness to be possible, political power must be used legitimately and laws must be willingly obeyed so the system is stable. Legitimacy and stability require citizens to be reasonable and rational. Reasonable citizens have a sense of justice. They want to live in this society, a society with its particular set of institutions into which they were born so which they did not choose, to cooperate with their fellow citizens, and to follow the rules so long as they apply equally to all even if this means going against their own interests: they are bound together by reciprocity. Reasonableness also requires all individuals to recognize that their own views may not be others' views, accept and respect others right to hold different views while being willing to find and to willingly abide by rules, norms and laws whereby all can live well in the same society. Rational citizens have a conception of the good, what is valuable in life, here not common but consistent with their existing and evolving views. Reasonableness and rationality are together the two moral powers.

Justice also requires that reasonable and rational citizens are free, equal, and cooperate fairly. Fair cooperation requires that all social goods, those cooperatively produced, are distributed equally thus ignoring accidents of birth, unless an unequal

distribution is beneficial to all. For citizens to be free, to be equal and to cooperate, their rights of freedom of expression and freedom of association, their liberty of conscience and of the person, the right to vote and to hold public office and to freely choose their occupation must be unconditionally guaranteed. Since these guarantees are absolute they must be ensured prior to political decisions being taken concerning the allocation of resources to promote individual (since here not universal) conceptions of the good life. All citizens must also be able to enjoy their political freedoms. This requires equality of opportunity, such as access to education and training given innate abilities rather than socio-economic background, an equitable (although not necessarily equal) distribution of wealth and income, a basic income and health care for all, and public funding of elections to remove income, wealth or socioeconomic standing as criteria of office. Recognizing difference, any allowable distribution of income, wealth and social standing must be such that the least well off are afforded the greatest benefit. This implies that the relatively rich cannot be made richer to the detriment of the poor. This is in recognition of the fact that our initial endowments depend on luck. The return to this luck should be shared to the benefit of those less lucky. Even in the absence of a common good, we are in this together.

While Rawls himself explicitly rejects the existence of a common good in a pluralist society, the capacity for justice that fundamentally defines all citizens of Rawls's polity may reasonably stand in for the missing common good, since the achievement of justice as fairness is both the defining conception and ultimate goal of the polity.

## 2.6 What is and is not shared

The common good, for Aristotle was the good life where priority was given to the whole, the city state, over the parts, the individual citizens. For Aquinas it was

blessedness, salvation, something in the next life. This ultimate goal was an individual goal, since sinners are saved one at a time. For this life, it was trying to live a virtuous life where love of neighbor, near and far-flung, was requisite for love of God. Society was again in poll position. For Mill it was happiness, happiness not strictly Benthamite but gained by developing one's higher capacities. As a Utilitarian, the "happiness" of society, of the whole, was the ultimate social goal. He recognized that a level of economic wellbeing and equality of opportunity was required for the Utilitarian goal to be achieved, which imposed significant demands on individuals as well as the state. Rawls justice as fairness also requires equality of opportunity, placing demands on the state and on civil and civic institutions.

All conceptions of the common good are undergirded by well functioning political, legal and judicial systems, good civic and civil institutions, good societal customs and norms, high quality education available to all to develop the moral, thinking, questioning, discerning, creative and insightful individual who is capable of learning from and deliberating with others, who lives in, cares for, actively participates in and contributes to the whole of society, whatever the limits thereto and however the wellbeing of that entity is gauged.

From Aristotle to Rawls there is also a strong sense of the individual as well as society as a whole. Society, in the form of an overweening state, must not be allowed to suffocate the individual, while the individual cannot live a fulfilled life, however defined, outside the embrace of society since one's identity as a person and a citizen is defined in reference to one's society. The whole and the parts are both essential components, and the good of the whole, the common good, even in Rawls's rather spare view of the common good, is necessary to ensure the good of the parts: for the

individual to flourish society must flourish. Although the various philosophers do not seem to envisage the same common good, there is commonality.

### **3. When society fails to flourish**

In the discussion of the common good the individual flourishes when society flourishes. Society, writ large or small, through its laws, institutions, culture and norms educates, supports and guides the individual while providing the freedom to the individual to work individually and collectively through the political process to make society still better. This social contract, what is owed *to all* by being members of society, is, however, often violated leaving many excluded from the common good, thus making universal flourishing impossible, as the following examples attest.

In 2014 the population of rural America was approximately fifteen percent of the total population of the United States, down from approximately 40 percent in 1940. It is losing approximately 30,000 people a year, and is aging as deaths and outmigration exceed births. It is creating too few jobs (USDA 2016, Economic Innovation Group 2016a) to sustain the rural economy. It is poorer and getting still poorer than metropolitan areas. Child poverty rates are rising, especially children in households headed by single women (USDA 2016). Some previously prosperous towns are dying, usually as the result of losing an anchor industry such as a mine, a lumber yard, or as a result of change in land use from private to government ownership, and as a result are unable to support the basic services that define a community (Semuels 2016). Its churches are closing (Lenz 2016). It is less educated, becoming still less educated, and is losing its best educated (Carr and Kefalas 2010). It is less healthy and access to and quality of health care is poor. It suffers higher rates of domestic violence (Quinlan 2013). The age-adjusted death rates for the leading causes of

death: heart disease, stroke, cancer, unintentional injury (including drug and alcohol related deaths) and chronic lower respiratory disease are substantially higher than in metropolitan areas (Moy et al. 2017). Moreover, those in rural areas feel ignored by politicians at state and federal level when political decisions are taken, disrespected for their rural/traditional views and lifestyles, and economically slighted when the fiscal pie is, in their view, unfairly divided (Cramer 2016).

Case and Deaton (2017) examine the plight of poorly educated whites as a class, both urban and rural, in the US who have seen their mortality rates in middle age rise, moving against the trend of reduced mortality both in the US and internationally. Much of this increased mortality is as a result of “deaths of despair” such as suicide, drug overdose (heroin or prescription opioids) and cirrhosis of the liver. They attribute this exceptionally worrying trend, a trend that is not geographically specific, to an admixture of economic, social and cultural effects which have together weakened the bonds which promote the virtues of hard work and a stable family life. For these individuals, the prospect of economic advancement relative to their parents’ has been lost (Chetty et al 2016) and has been replaced by surviving on government programs such as disability and Medicaid. Marriage is no longer required by social mores. The lifelong partnership that marriage used to imply has been replaced by relationships without commitment and successions of partners. Family, nuclear and extended, is difficult to maintain without marriage; the lasting ties are not there. Religion, once passed from parent to child, is lost with family breakdown. Further, any social pressure to be a member of a church has weakened. Now one’s religion is a personal choice, and the choice is often no religion at all. Finally, communities have been undone by economic decline. As a result, poor whites have been set adrift without a discernable moral compass. J. D. Vance (2016) chronicles his own

upbringing, charting the cultural detachment brought about the disintegration of the two pillars of poor-white existence: belief in God and belief in Country, and with this disintegration the loss of the ever sustaining American dream.

African-Americans in the United States are still, over 150 years after the Emancipation Proclamation ending slavery throughout the United States, poorer, twice as likely to be unemployed as a White peer, three times more likely to live below the poverty line and have a net worth only seven percent of median White net worth in 2011 (Pew Research Center 2013). They are provided with much less than equal opportunities, for example in quality of schooling, which compound rather than diminish inequalities intergenerationally (Traub et al 2017). They are over-policed. They are more likely to be stopped/arrested, incarcerated or be the victim of “justifiable homicide” in the course of stop/arrest (Miller, et al. 2017, Gilbert and Ray 2015). They are not given equal protection under the law, are discriminated against by explicit and implicit biases of criminal justice practitioners, are unduly harmed by underfunding of the criminal justice system and by poorly formulated criminal justice policies which fail to take account of avoidable side effects of these policies (Ghandnoosh 2015). They are discriminated against in employment, in schooling, when voting, when accessing health care, and in retail outlets (Pew Research Center 2013). Moreover, gerrymandering of electoral districts has segregated African Americans politically and created, essentially, Whites only districts, something not always found to be unconstitutional. Voter ID laws discriminate, some would argue intentionally, against the poor, often poor African Americans (Smith 2015). While the outlook is not uniformly bleak, an African American has just stepped down as President, his Presidency has unleashed what has been characterized as a White backlash where some Whites are desperate to hold on to what they see as their racial

privilege, something President Trump tapped into in his campaign and subsequently, which may make the situation worse for some time to come (Smith 2015, Hochschild 2016). African Americans have responded to the backlash with the Black Lives Matter movement (Rickford 2016, Milkman 2017). Racial tensions remain high and are rising. Overt racism has again become politically acceptable (Saul 2017).

Native Americans residing in Indian Country (on reservations) are the poorest group in the United States, with an average income only 58 percent of the national average in 2000 and a 39% poverty rate on average (Cornell and Kalt 2008), but higher still in families with children (Sarche and Spicer 2008). Native communities are plagued with the social ills of low high school graduation rates, low labor force participation and high unemployment rates, high suicide rates, poor physical and mental health, poor housing, low educational attainment by children relative to non-Native peers, and high crime rates, especially violent crime including domestic violence and child abuse, high rates of drug and alcohol dependency (Cornell and Kalt 2008, Sarche and Spicer 2008, Johnson and Tomren 1999). And, they are not getting what is rightly due to them via Federal funding (US Commission on Civil Rights 2003). Moreover, in the post Civil War period entire Native American tribes were targets of genocidal attacks (White 2017), and since policies have been pursued to undermine or destroy whatever remained of Native American cultures and identity (Sarche and Spicer 2008).

In all these examples individuals and communities are denied the essential societal requirements for society to be able to deliver or even aspire to achieving the common good: the flourishing of society and of each individual therein. These requirements, lacking in all the examples yet central to most conceptions of the common good,



include quality education and income and wealth redistribution as mechanisms to achieve equality of opportunity. As Mill suggested, education should promote virtue and intelligence by developing individuals' moral, intellectual and active traits. Education should provide all with the ability to actively participate in the political process. They also include the quality of social, cultural and economic and political opportunity that must be ensured so that everyone has the possibility of a fulfilled life. Social goods must be distributed equally unless an unequal distribution benefits all. Access to education alone is not enough if one is barred because of inadequate family resources to pursue the occupation of one's choice. Economic goals are not enough, one must also have access to and to be able to enjoy one's culture, to live in a supportive, law abiding, safe, caring community with good physical infrastructure. The legal infrastructure must ensure all are treated equally, fairly and justly before the law, regardless, so quality of legal representation cannot depend, for example, on one's wealth, race, gender, or country of birth. Being born African American, in the wrong zip code, on a Native American reservation or in a rural community should not impose disadvantage throughout life and intergenerationally as it now does. The institutions supporting basic goods, the goods on which the common good is built, be they those defined by Aquinas, Mill or Rawls, must be strong.

The common good is necessarily inclusive. To Aquinas and Mill the common good was the highest good to which all individuals individually and jointly as part of the community of humankind aspired. To Rawls and Aristotle, with their less than universal conception of the good, it is the ultimate goal of the citizens of a polity joined together in common purpose. As these examples show, that common purpose is absent.

#### **4. Economic Policy Guided by the Common Good**

Mark Zuckerberg (2017), in his Facebook manifesto, asks “if we are building the world we want?” His is a global vision, universal in scope, where peoples and nations work together to provide a good life to everyone in the world, a life characterized by prosperity, freedom, peace, knowledge, health and general wellbeing. He suggests that this requires building supportive, safe, informed, civically engaged and inclusive communities. Zuckerberg is articulating a concept of the common good. But, alas, Facebook alone will not get us there, since whatever its force for good it is also a force for evil when used to distribute disinformation and thereby to corrupt the political process (Allcott and Gentzkow 2017).

##### 4.1 The Current State of Affairs

Recall that the common good is the highest good. It is the ultimate aim of a community and of each individual in that community. Whatever the conception, the common good is truly common and all law, policy, institutions and custom must be guided by it and measured against it. What this means in practice is that all policies, all laws, all government institutions, have to be tested to determine whether they promote the common good. Unfortunately, they are not tested. Were they, they would not pass. To see this, consider the following examples of economic policy from how it is designed to how it is promulgated.

Noting the inroads behavioral economics has made (Chetty 2015), the assumptions upon which most economic policy is still built are that individuals are rational, they make decisions to maximize their own or, perhaps, their family’s, wellbeing. These rational individuals take laws, policy rules and structures as given and maximize their wellbeing given the constraints and/or opportunities provided. In this standard

economic framework, there is no society, per se, only individuals (or families for which a “head” family member optimizes). External effects of individuals’ behavior on others, either positive or negative, are considered, but only in terms of individuals, not in terms of any non-family social grouping. Generally, any effect of policy on an agglomeration of individuals, a social group, a town, a rural community, a race is ignored since all else is held equal. Thus the common good is not generally considered. To the extent that it is, and this challenges the conception of the common good, it is under the guise of a policy generating a Pareto improvement by which the policy makes at least one person better off and no one worse off, crucially taking initial conditions as given. Such a policy recommendation is positive rather than normative. This means that if income or wealth is initially very unequally distributed, then the policy cannot change that distribution fundamentally. Thus, for policies to be Pareto improving they must either increase the size of the pie or reduce the cost of dividing the pie. This seriously restricts the scope for “common good” enhancing policy intervention but does explain why economic growth promoting policies are often privileged over policies which improve societal wellbeing without increasing and possibly decreasing national income or wealth.

Labor activation policies are motivated, in part, by keeping individual workers’ labor force attachment strong while unemployed to ensure productive resources are not wasted. Attachment requires participation. These policies are targeted at the individual rather than the community in which the individual lives and has worked. However, the policy mandated participation is often in a job that does not require the individual’s skills, experience and knowledge, as is often the case during deep recessions or in the face of structural economic change where whole communities are threatened by plant closures and skills obsolescence. Forced participation is often

found to be demeaning by the individual, because it reduces that individual to being, essentially, a number, rather than a valued member of society or a member of society full stop. Moreover, its economic benefits are minimal (Mazzerole and Singh 2002). As these policies can harm both the individual and society, they are inimical to the common good.

Trickle down “theories” that justify very unequal distributions of income and/or wealth, and are often supported by the tax code, purport to improve the welfare of all, and, implicitly, the common good. They do this, it is argued, by increasing the rate of economic growth and thereby the income and wealth of those at the top as well as the bottom, or by increasing investment in capital leading to enhanced productivity and higher wages, or by reducing the tax induced disincentive to work by decreasing the tax rate paid by the rich to induce greater work effort leading to universal benefit through higher tax revenues and national income. The problem is, none of these arguments withstand theoretical or empirical scrutiny (Aghion and Bolton 1997, Alesina and Rodrik 1994, Goolsbee 2000, Yang 2007), since the trickle flows up not down. Trickle down policies fail the most basic equity/common good test.

As has been long recognized, international trade liberalization, while globally beneficial, generates winner and losers (Stolper and Samuelson 1941). Since the overall benefit was perceived to be positive suggesting further trade liberalization is a good thing, those adversely affected were seen as worthy of receiving compensation for trade-related economic dislocation. The Trade Adjustment Assistance (TAA) program was designed to do just this by providing those whose jobs were lost as a result of trade benefits in addition to those available to all unemployed workers, specifically enhanced training and relocation assistance among other benefits to

improve their reemployment prospects (D'Amico and Schochet 2012). While the effects of trade liberalization can often devastate communities and regions as the local employment base is wiped out (Autor, Dorn and Hansen 2016) by what are perceived as both fair means and foul (Rodrik 2017), TAA offers nothing to communities although this need has been recognized since the 1970s (Rosen 2006). Exacerbating the negative community effect is the relocation support offered to affected workers, helping the most able to leave rather than to stay and rebuild the local economy. Thus, TAA may actively undermine communities while, unfortunately, not benefitting displaced workers (Rosen 2006, D'Amico and Schochet 2012).

Education, ideally bolstered with income/wealth redistribution, provides a foundation supporting all conceptions of the common good as it is a means to ensure equality of opportunity. Studies have found children from lower socio-economic groups have significantly lower language processing efficiency than their better off peers. (Fernald, et al 2013). These differences, already apparent when the children are only 18 months old, are accounted for, in part, by environmental factors, which include access to and quality of affordable housing (Desmond 2016), nutrition, presence of stress, presence of toxins and intensity of intellectual stimulation (Hackman, et al 2010) etc., and can lead to long term cognitive differences and be predictive of schooling as well as all dimensions of life outcomes (Fernald, et al. 2013). To ensure equality of opportunity, those whose start in life is disadvantaged for whatever reason must be provided with the means to catch up and the sources of disadvantage must be removed. This can be done successfully via a variety of interventions that must occur prior to school entry and involve both parents and/or other care givers and children and goes well beyond education to include, among other things housing, nutrition and healthcare. The returns to such interventions are huge (Heckman 2006),

but education and training funding goes instead to where returns, whether strictly economic or more broadly socio-economic, are much lower (Heckman 2000). In terms of the access to and availability of early childhood education the United States compares very poorly with its fellow OECD members (OECD 2009). Socioeconomic differences in access to quality education persist throughout life. This is highlighted by legacy admissions to elite public and private universities (Hurwitz 2011), which are all in receipt of significant government financial support. Such admissions policies entrench advantage, sustain existing socio-economic hierarchies and, unconstitutionally, hereditary privilege (Larson 2006) to the cost of minorities and immigrants (Ladewski 2010). Common good considerations are not guiding policy.

While in none of these policy examples were the excluded groups specifically mentioned, it is they who are most adversely affected by the failures of these policies to address long-standing societal issues barring them from the common good.

#### 4.2 What, if anything, can be done?

As the above examples suggest, the problem with economic policy is that the unit of analysis is the individual, it is generally designed positively rather than normatively, and is designed and promulgated without considering how it affects the common good of society whether that society is local, regional, national or global ignoring that *all* individuals cannot flourish if society does not flourish. Economic policy is, for example, designed to fix a perceived problem, to fulfill an election promise to a specific constituency, or to placate a vocal interest group. If the problem is “fixed”, if the promise is fulfilled, if the interest group is placated, then the policy has achieved its aim even if in so doing society as a whole and individuals other than those targeted by the policy are harmed. Since economists design and suggest policy, rather than

actually making it, which is a political decision, and since most economists would make the arguably specious claim that the advice they give is “positive” rather than “normative” and thus is some sense value free, they could blame governments for making bad choices. Instead economists must accept responsibility for suggesting the set of policies from which those bad choices were made, for not being adequately clear about possible effects of policies on those individuals and communities who are not the specific targets of the policies and begin designing new policies and improving the design of existing policies to create the economic and social conditions in which society as a whole and each individual therein can flourish together.

Policy design in this broadened framework requires policy across various domains to be integrated and jointly conceived. Just as multidisciplinary medical teams treat the whole person rather than each symptom separately, policy must be designed in multidisciplinary teams to treat social ills at societal level as well as at the level of the individual. That is, policy must be made in a general equilibrium framework where the implied effects of any policy cannot be made under an “all else equal” assumption. Consider the early childhood education example, above. Here countless studies from across a broad disciplinary spectrum have already determined what is required to achieve better educational outcomes for children in lower socio-economic groups to, essentially, attain the common good goal of equality of opportunity. To achieve these better outcomes those children need to be ensured less stressful, more secure, more just, more stable, more healthy childhoods in clean, quality housing, in safe neighborhoods, supported by parents or other care givers who have the wherewithal to adequately feed and clothe their children, provide them with needed intellectual stimulation, and participate fully in their children’s educational journey beginning with those children’s prenatal care. This entails not just an early education

policy or a housing policy or a healthcare policy or a security policy or a justice policy, since a child's wellbeing and opportunities cannot be ensured without that child's parents' wellbeing and opportunities being ensured. Rather what is required is a fully integrated socio-economic policy where the desired outcomes are societal as well as individual and all strands are jointly formulated rather than being developed, promulgated and overseen by independent agencies independently. This will require redistribution of wealth from the better off in society to the less well off. It will require the reorganization of government service delivery. Most importantly, it will require economists to work with others when conceiving and formulating policy in the recognition that the ultimate aim of policy is the common good of society and only thereby the individual.



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