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# Working Paper

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## **OF CONSEQUENTIALISM, ITS CRITICS, AND THE CRITICS OF ITS CRITICS**

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## **Of Consequentialism, its Critics, and the Critics of its Critics**

**[A Review Article on *Freedom, Responsibility and the Economics of the Person* by Jerome Ballet, Damien Bazin, Jean-Luc Dubois and Francois Regis-Mahieu]**

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### **Introduction**

Consider two scenarios. First, I see you across the road and start walking towards you to say a cheery hello, but a surge of the crowd comes between us and we go our separate ways. Second, I see you across the road and start walking towards you with murderous intent, but a surge of the crowd comes between us and we go our separate ways. Two scenarios with the same final consequences. But do they have the same moral import?

This is of course a well-worn question in moral philosophy, and by now has many departures and alleyways emanating from it, and some dead-ends as well. Generations of philosophical scholars have written on the question, and layer upon sedimentary layer of discourse is to be found in the literature, with for example some critics of consequentialism being taken to task by other critics for advancing the wrong sort of criticism.

Thus Amartya Sen, Martha Nussbaum and their followers have advanced capability theory as a counter in part to the consequentialism which is at the core of the Utilitarianism, which is in turn at the core of economic policy analysis. It is not simply the outcome chosen by an individual which matters, but the set of choices available. By implication, the larger the choice set, the better. But for Ballet, Bazin, Dubois and Mahieu (henceforth BBDM), capability

theory is itself flawed, based as it is on a misconception of responsibility and the person. They are, indeed, critics of the critics of consequentialism, without of course being consequentialists themselves. How do they do it, and how well do they do it?

Throughout moral philosophy, and BBDM are no exception, there is a constant interplay between the normative and the positive. Discourse on how an individual should behave is closely intertwined with discourse on the true nature human beings in the descriptive sense. How society should order its affairs also cannot be separated from how individuals actually behave. Thus central to BBDM's argument is that "persons are immersed in a world from which they cannot escape"; "the world consists of values and norms which creates rights and duties for persons"; and "the person cannot be dissociated from the practical identities that define him/her" (p. 2).

Indeed, these descriptive claims are a central plank of their critique of capability theory, which is the launch pad for the development of their own framework. This book presents a closely argued path from this critique, through an alternative perspective on the concept of a person, to a startling argument that the International Monetary Fund (IMF) is "directly responsible" for the tragedy of the Rwanda genocide. I found myself going along with the authors along some of the path they have trodden, but less sure about other aspects of their argument. I also felt that some of the conclusions they reach can be accommodated with some modifications in a conventional consequentialist framework.

### **Capability, Opportunity and Responsibility**

One of the parts of the BBDM book I found most convincing was their critique of a constellation of arguments surrounding capability, opportunity and responsibility, although they would perhaps not accept the direction I would take from the critique.

A simple chain of reasoning from a critique of consequentialism to capability theory is that just focusing on the outcomes is to restrict the informational basis of evaluation inordinately. A usual example given is of two individuals who are equally undernourished on some accepted standard metric. The consequentialist would evaluate these two as being equivalent on a social criterion—whether that is of utility or undernutrition directly. But now suppose we are told that one of these individuals had the resource set and food availability to avoid undernutrition but chose to fast, while the other was undernourished because that was all the food her resource set would allow. The argument, made by Amartya Sen and others, is that these two situations are normatively differentiated since the first individual bears responsibility for the outcome of undernutrition.

BBDM lay out very well the central role of responsibility in liberal theories of justice, emanating from Ronald Dworkin's influential work:

“The responsibility approach is omnipresent in theories of justice. Since individuals are free to choose, they have to accept the consequences of their choice; they are therefore responsible for their choices and must answer for them...Responsibility thus introduces a demarcation line between what should be compensated for and what should not.” (p. 31). And they also set out, in my view, convincing critiques of responsibility as framed in these theories. If responsibility is conceptualized as “responsibility with regard to the inequalities that result from preferences and ambitions” (p. 32), then “a line of demarcation based on preferences is difficult to defend” (p.32). There are examples galore of this difficulty, including:

“.....imagine the case of a woman who decides to be a housewife. Does her choice reflect a genuine preference or does it derive from a preference constructed in a social context of discrimination towards women in the job market that drives her to this choice?” (p.32).

Of course in principle one could disentangle all the myriad factors that lead to an outcome, separating out those which an individual does not control (“circumstances”) from those which he does control and is thus responsible for. John Roemer’s self-styled “pragmatic” theory of responsibility sets out to do just this. However, as BBDM point out, “being able to carry out an accurate calculation of compensation assumes that so much information is available that it soon leads to the paradox of a totalitarian society” (p. 33), a paradox indeed for liberal theories of justice.

A similar line of critique of the concept and application the equality of the opportunity doctrine has been advanced by Kanbur and Wagstaff (2015). One of the examples they ask readers to consider is what happens when one person’s circumstances are the result of the actions of others (or their effort, to use John Roemer’s terminology), as in the case where parents’ actions determine in part the starting circumstances for a child. The circumstances doctrine would call for compensation to the child but does this not absolve the parents of responsibility for their actions? Unless of course the compensation is targeted to be from the very parents who were irresponsible, after having established their irresponsibility, but this leads us into the Orwellian scenarios laid out by BBDM.

### **The Nature of a Person**

Kanbur and Wagstaff (2015) argue that given the conceptual, empirical and operational difficulties of the responsibility doctrine, a consequentialist approach may be the best one to follow for a policy of redress and compensation. BBDM sometime seem to argue in this way, for example, when they take the example of someone suffering from HIV and how to establish responsibility:

“ Intimate information has to be sought about the possible part played by any extenuating circumstances....and what can be attributed to the person him/herself.....In fact we could carry this idea as far as to say that the central authority should know whenever the individual experiences sexual desire and monitor his/her behavior step by step.....” (p.34).

And yet BBDM move in a very different direction from a return to consequentialism. In their view the reason why liberal theories of justice seem to get themselves into a twist is because responsibility is viewed as a causal relationship with implications for the nature of the agent:

“Viewing responsibility as a causal relationship leads to a twofold problem. On the one hand, we have to be able to pinpoint the beginning of the causal chain—and this begins with the agent..... This may not be a specific and precise individuality....Ultimately it may be a moral fiction that makes it possible to ascribe responsibility.....From another standpoint.... responsibility as a causal relationship implies having the information required to be able to calculate this responsibility.....We want to stress that, in a way, giving substance to the agent means replacing a purely causal logic by the logic of implication, which makes responsibility a defining characteristic of the agent.....[R]esponsibility [as previously conceptualized] is a-social and a-historical. It is pasted over a social situation, not inserted into a social context.....In a different conception of responsibility....[t]here cannot be any responsible action without a responsible agent....The agent who contravenes a moral standard is a member of the moral community, and it is as a member of this community that the offence can be associated with him or her.....” (pp. 35-36).



Starting from this switch of “replacing a purely causal logic by the logic of implication” (p.35), in subsequent chapters BBDM carry through a meticulous argument touching on several strands of the philosophical literature including that on personal and practical identity which strengthens further their project of placing individual behavior in a social and historical context. The argument culminates in a critique of the individual as modeled in conventional economics, one might say the individual of ECON 101. This critique, in my view, is a critique in the positive, not the normative domain. It says, quite rightly, that the a-social, a-historical, individual of ECON 101 bears no resemblance to living breathing individuals who juggle multiple practical identities as they balance out competing rights and duties. Of course this has normative implications. Getting the nature of the individual wrong in policy analysis is quite likely to lead to wrong evaluative and the wrong policy conclusions. But at its core it is an indictment of the descriptive heart of ECON 101.

BBDM devote a whole chapter to examples of puzzles of economic behavior which are not easily explained by ECON 101 or its somewhat more sophisticated developments. I must say that here I did not feel entirely convinced that these were killer examples which leave conventional economics in tatters. Such examples are now relatively commonplace in graduate economics courses, and the critiques of explanations using standard economic models are also well understood and there are strong ongoing debates which take new twists and turns as new data becomes available.

In particular, I do not think BBDM pay sufficient attention, indeed almost no attention, to the mass of literature which has developed in behavioral economics in the last three decades. The Nobel Prize winning work of Kahneman and Tversky, or the Clark Medal winning work of Matthew Rabin, is not referenced at all. The findings of this literature are consonant with the

historical, social, description of the individual which BBDM are advancing. In these models, individuals react strongly to perceived injustice and violation of norms, revealing themselves to be social beings par excellence. There is still a long way to go, and it can be argued that ECON 101 has barely budged in response, but some of us can sense a tectonic shift under way which will allow ECON 101 to incorporate the two major conclusions which BBDM reach at the end of this part of their argument:

“First, people are implicated in systems of rights and duties linked to their practical identities, and this makes them vulnerable....Second, people can use economic policies or external events to modify their practical identities or duties that follow from them.....[P]ublic policies affect the organization of social fabric via changes that occur in rights and duties.” (p. 94).

### **Economic Policy and ECON 101**

The final chapters of the book culminate in a startlingly stark and directed verdict on the Rwanda genocide:

“The case of Rwanda demonstrates clearly that international institutions, and above all the IMF were directly responsible for the tragedy that occurred. The policies imposed by these institutions exacerbated an existing situation of vulnerability, which was already severe, and which heightened or facilitated antagonisms between different populations.” (p.126).

This remarkable claim by BBDM raises at least three questions. First, did the IMF (and by implication ECON 101) get it wrong in the case of Rwanda? Second, in what way should the IMF (and by implication ECON 101) be held culpable for the Rwanda genocide? Third, where is

the rejection of consequentialism in all this—could not the same debate be had in a consequentialist framework?

I am one of many people who have criticized the “Washington Consensus” policies which were pursued in the 1980s and 1990s. But the heart of that criticism was not based on the BBDM critique which in turn is based on a critique of the assumed nature of the person. Rather the argument was a combination of a positive critique that the proponents of these policies had misunderstood the true nature of markets, and a normative critique that they were not giving sufficient weight to equity considerations. The assumption of competitive markets was questioned in the positive realm and the implied focus on just GDP per capita as the normative objective was also questioned. So even before we get to Rwanda, there was a solid critique of the policies being advocated at the time by the International Financial Institutions (IFIs) and their major shareholders.

It has to be admitted that the above critique, by some economists of other economists, was largely innocent of the socio-political tissue of nation states, and the tensions which were threatening to tear that fabric apart. A detailed analysis and thence sensitivity to these tensions would have revealed the fragility of the political compromises which were holding together Rwandan society and polity. Some criticisms of IFI conditionality, including by me, did emphasize that since the IFIs did not control everything, trying to control some things would merely shift the nexus of inappropriate policy elsewhere. Thus conditioning aid on stopping the building of a wasteful white elephant project in a region might stop that project, but could lead to an increase in some other (even more inefficient) form of transfer. This is reminiscent of BBDM’s indictment of the IFIs for neglect of ethnic political economy in Rwanda:

“In the case of Rwanda, the structural adjustment programme imposed by the IMF...., which was adopted by the country in 1990...destroy[ed] a system that was already very vulnerable....[T]he drastic reductions in funds injected into the Rwandan economy and the budgetary implications imposed in exchange for aid, both of which were intended to apply pressure in favour of democracy and to purge the economic situation, in fact resulted in cuts in the subsidies paid to coffee producers and undermined the policy of guaranteed prices....The Rwandan regime’s policy of buying loyalty therefore had to take other forms, including ethnic repressions and permitting atrocities.” (p.125).

The faulty reasoning of the IMF, according to BBDM was “directly responsible” for the Rwandan genocide. The wrong model of the individual as taught in ECON 101 and then used in policy analysis, formulation and implementation, was responsible for the tragic consequences. The switch from the logic of causation to the logic of implication, with the concomitant switch to responsibility as the defining characteristic of an agent and the placing of this agent in a social and historical context, leads us to the correct description of the true nature of a person. Failure to make this switch leads to faulty positive analysis and thus faulty policy analysis. This is the burden of the BBDM argument.

But this new perspective of responsibility has other implications in their view—culpability, capacity and concern. These are developed in the final chapter of the book:

“The culpability principle...stipulates that a person or an institution is responsible if it constitutes a causal element in the series of actions that led to the devastating consequences observed....The capacity principle states that those who have the capacity of solve a problem effectively should be held responsible for failing to do so, even if they are not a priori guilty of causing the problem....The concern principle indicates that persons or institutions, even if they

are not directly implicated in the causal relationship that produces a situation, and do not have any capacity to modify this situation effectively, should nevertheless feel morally responsible for what happens to other people.” (pp 128-130).

They recognize, rather like their own earlier discussion and critique of capability theory, that “it is not always easy to identify the causal relationships” (p. 128) because (i) “the length of the chain of actions” (p. 128), (ii) “assigning blame assumes that one has the information”(p. 129) and (iii) “institutions can duck their responsibilities by shifting the blame onto the experts who took the decisions, and these experts can in turn shift the blame onto the culture of institutions....., so that their responsibility vaporizes.” Nevertheless, BBDM are confident that through these all of these attribution problems they can nevertheless assign a “true responsibility” to the IMF for the Rwanda genocide.

They conclude the (all too brief) final chapter by laying down a “social precautionary principle”, asking for first, “an active search for the consequences of policies”; second, a set of “precautionary criteria” one of which “condemns any action that would increase the sum of suffering beyond a certain threshold”; and third “sanctions” which would be guided by “an ethical code for political decision makers and experts.”

### **Conclusion: Back to Consequentialism?**

BBDM traverse quite a path in this volume, crisscrossing positive and normative domains in philosophy, economics and politics. They begin with capability theory and its critique of social evaluation based only on consequences. But they develop their own critique of capability theory around its implicit assumptions on freedom, responsibility and the nature of persons. For BBDM, the causal chain adopted in capability theory between responsibility, action and

consequences is flawed in its assumed description of individuals as a-social and a-historical. The location of the agent in the social and historical context is the key to understanding puzzles of economic behavior which, in their view, conventional economics cannot explain. They have moved now into the realm of positive analysis. But they soon move back to normative analysis when they argue that failure to understand the true nature of agents, their interactions and their behavior makes the IMF “directly responsible” for the Rwandan genocide.

This is a densely argued book which will repay reading and discussion. I am sympathetic to and supportive of many strands of their argument—for example their critique of capability theory and theories of equality of opportunity in the difficulties of identifying responsibility for compensation. But other parts of the book left me scratching my head. I did not feel that the examples they gave of the “puzzles” which conventional economic analysis purportedly cannot explain, were really such a big nail in the coffin—at least, they were nails that conventional economists have also been driving in for a while. In addition, BBDM seem to have neglected the behavioral economics revolution of the last thirty years.

I am also sympathetic to their argument that IFIs in the 1980s and 1990s were too enamored of particular model of economic development, and that even critics of this model were themselves too economics oriented and did not pay sufficient attention to the social and political dimensions of narrow economic policy. To some extent this is changing, the IMF is now in the lead arguing that inequality is detrimental to growth, although doubts remain as to whether this leopard can really change its spots, and whether the leopard is in fact not the IMF but ECON 101. I think the BBDM analysis of responsibility for economic outcomes needs to be developed much further, including whether the discourse of the final chapter, with its focus on causal chains in responsibility and the emphasis on consequences, is at all fully consistent with the critiques they

launch in the opening chapters of the causal chains between responsibility, actions and consequences.

In fact, the concluding chapter sometimes reads like a consequentialist tract. We identify the consequences of policy actions and, if these consequences are bad, we provide compensation and assign causal responsibility. No discussion here of whether the intentions were honorable, whether the actions were based on an honestly believed though flawed model of reality. What matters is that the consequences are bad and actions are to be directed to fulfil variants of a “non-suffering” principle. To someone with a consequentialist orientation, like me, this is entirely unobjectionable. But it does make one wonder about the path that has been taken to arrive at this conclusion.

## **Reference**

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