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# **MORE NONSENSE ON STILTS: MR BENTHAM IS AT IT AGAIN**

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## **MORE NONSENSE ON STILTS: Mr Bentham is at it again**

**By Anthony de Jasay<sup>1</sup>**

“...there is no right which, when the abolition of it is advantageous to society, should not be abolished.” Bentham<sup>2</sup>

“Nonsense on stilts” was about the least rude of the many rude expressions Bentham used to pour scorn and contempt on the new-fangled “rights of man” that were proclaimed at the end of the 18th century. These were not the contractual rights, backed by obligations, that parties to contracts had agreed to honour, that figured in common and civil law and helped commerce to flourish. Rather they were flights of rhetorical fancy and pious wishes - as he put it, the letter was nonsense and beyond the letter there was nothing.

However, in promoting his rival notion of utility which he thought was hard-headed, down-to-earth, unsentimental and amenable to cool calculation, Bentham acted much like the pot that had called the kettle black. His “greatest happiness of the greatest number” is a model of strictly meaningless rhetoric if ever there was one. Nevertheless, his utilitarianism has had a century-long run of intellectual dominance until it was toppled in the 1930s by Lionel Robbins and others. And even after losing its academic prestige, it remained politically influential to our day. It is its amazing ability to bounce back in unexpected forms that this article is about.

The great point of utilitarianism was that it raised “practical reasoning” to near-divine rank with final authority over what was to be or not to be. It treated as agreed, established truth that an impartial observer can tell whether the utility gain of one person is greater or less than the utility loss of another. Hence he can also tell whether a policy, - say, taxing Peter and giving the money to Paul - is a good thing or not. Goodness was the vernacular for utility maximisation. The calculus of utility opened up a glorious vista for endless policy changes, each of which would increase the utility of the gainers by more than it reduced the utility of the losers. Coupled with the supposition that the marginal utility of income was diminishing, this doctrine provided the “scientific” justification of progressive taxation.

Bentham himself was perfectly aware that aggregating the utilities of different persons, e.g. to subtract from the gains of some the losses of others, is just as nonsensical as taking four apples out of seven oranges. He privately conceded that such arithmetic was really impossible. Yet he pleaded for its use, because without it “all practical reasoning is at an end”.<sup>3</sup> Clearly, it would have been unbearable for him to stop telling society where to seek its advantage and how to procure the greatest happiness for the greatest number, for he had no doubt that this was what he was doing.

The thought is unbearable to the modern economist, too, except that the last two generations of them are sophisticated enough to handle “interpersonal comparisons” (or, more accurately, interpersonal aggregation) with care. Most will now say that when they recommend a policy, they do not mean to say that Peter’s utility gain would be greater than Paul’s loss, hence society’s total utility would demonstrably increase. They would instead allude to a sort of value judgment they share with most right-thinking and informed observers, a more modest stance that disclaims science, though its modesty is sometimes a sham, meant coyly to convey that science in fact cannot be far behind.

Now and again, however, dyed-in-the-wool utilitarianism does make a comeback where it is least expected. Progressive taxation, once universally approved by all thinking men on the ground that getting a dollar gives more happiness to the poor than losing it causes unhappiness to the rich, has in recent decades lost some of its intellectual supremacy. Some of its side-effects- perverse incentives, brain drain, capital flight, a wasteful cult of tax avoidance - have begun seriously to blur the nice calculation of Peter’s utility gain exceeding Paul’s utility loss. Top rates of income tax have been reduced in practically all developed countries. It was time for Bentham’s spiritual successors to mount a counter-attack. The most recent one is of stunning audacity.

Lord Layard, the distinguished British labour economist, has now moved to the borderland between welfare economics and ethics and produced a theory relating taxation to happiness that is a classic of confident utilitarian reasoning Bentham himself could not surpass.

Layard’s opening salvo is that neuro-science now gives us sufficient knowledge of what goes on in our heads to enable our happiness to be

objectively measured. He insists that what he can measure is not passing sensations of pleasure and pain, but lasting contentment, overall satisfaction with our lives, - well, in one word, happiness. He then, plausibly enough, explains that one source of unhappiness is not poverty, deprivation, unsatisfied wants, but rather a relative worsening of our condition compared with that of our peers. What irks and depresses us is not that we are not rising fast enough, but that our neighbour is rising faster than we do. This, of course, is reminiscent of the theory of poverty as relative deprivation, i.e. as something that cannot be cured by the whole society getting richer without getting more egalitarian. It also recalls the well-known argument that the pain suffered by the envious is a legitimate reason for levelling down, for chopping off the heads of the “tall poppies”.

The novelty of Layard's twist is the parallel he draws with pollution. A fast-rising man's success saps the happiness of the plodder just as surely as the polluter's pesticide, exhaust gas or noise saps the happiness of those around him. Pollution is a “negative externality” that imposes a cost, i.e. reduced happiness, on the victims. Everybody agrees that to “internalise the externality”, the polluting activity ought to be taxed. The tax forces the polluter himself to bear the cost, inducing him to lower pollution to the socially optimal level. If this is true of pollution, it must also be true of getting richer or being promoted faster than the rest of us. The man who is doing too well for our peace of mind shall be discouraged by a tax on success.

Anyone can spin a tale from this auspicious beginning. Successful Jones is punished for his zeal by a tax. This reduces his happiness. It also reduces his zeal, making him less successful, which decreases Plodder Smith's unhappiness. One of them supposedly gains more than the other loses. Layard would have us believe that it is Plodder Smith who gains more, and after all he can check this by sounding the brains of both. Moreover, the new tax paid by Jones can be used for many good purposes, adding to Everyman's happiness which, too, can be measured by interrogating certain receptors in his brain. The result must be added to the score so far. The story then goes on; while Jones's reduced zeal relieves some of Smith's unhappiness, it also puts a brake on the growth of GDP, and Mrs. Average will enjoy fewer goods than she could otherwise have done, which might well

make her a little less happy. However, the interpersonal score is still incomplete.

All agree that pollution by smoke, chemicals or noise is bad, hence all should accept that pollution by success is bad by analogy. All agree, too, that drug addiction is bad. Layard tells us, again quite plausibly, that shopping and buying ever more expensive consumer goods is addictive. To feed the habit, we work too much. A tax on effort would make it more expensive to indulge our addiction to consumer goods we do not really need, and make work less and leisure more attractive. “Kicking the habit” altogether by giving up excess consumption would help us adopt the balance between work and leisure that was most conducive to happiness.

That increment, too, must be added to the score. However, the bottom line may still be some way off. For leisure, let alone idleness, may be addictive, too. Some of the characters in this story might end up growing lazy, doing less work than the amount that would make them happiest. And some people would have to go without the goods these characters would have produced if they had not been idling. That, too, must be duly accounted for.

Once all these entries are made, the stocktaking of happiness can move on to the echoes and the ricochets, the secondary and tertiary effects of primary changes engineered to enhance that most bizarre of entities, aggregate social utility. Second only to God, the latter-day Benthamite is all-seeing and up to the task. After some passing discouragement, he is confidently at it again, and as long as he is, there is hope for our greater happiness.

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<sup>2</sup> The Works of Jeremy Bentham, Edinburgh 18833, William Tait, Vol.II. p.53.

<sup>3</sup> Elie Halevy, The Growth of Philosophical Radicalism, p.495, quoted by Lord Robbins, Politics and Economics, 1963, p.15