

The Common Good for Economists

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Abstract

This paper explores the Aristotelian/Catholic common good tradition with a view towards making the concept of the common good accessible to economists. The common good is by definition the purpose of society. In economics, the only purpose of society is surplus. There are three justifications for society in the common good literature that are not commonly discussed in economics: sociability, character formation, and the natural orientation toward society's good.

The first and third elements of the common good might be incorporated into economics with little fuss. The second justification is the most subversive of the economic conception of the common good, because it refuses to take human preferences as given, and therefore rejects preferences as normative. One cannot talk of the common good unless one is willing to evaluate preferences by some external measure.

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1 Introduction

"The common good is [not] the mere collection of private goods, ... it is the good human life of the multitude of persons; it is their communion in good living." - Jacques Maritain [1948].

"The essence of the social question is that society has defined itself away - it is no longer anything beyond the sum of its individuals." - Franz Mueller [1984].

To almost anyone trained as an economist, the above statements about the common good seem problematic; one suspects that there must some flaw in the speaker's thinking. How can society be anything more than the sum of its parts, as Mueller asserts? How can we evaluate the welfare of society based on anything other than the sum of individual goods, as Maritain asserts?

This reaction from economists does not come from a lack of concern about public policy or the public welfare. Historically, economics has always been oriented towards discussions of the public welfare; arguments for free markets and free trade, and analytical concepts like public goods, Pareto optimality, externalities, and game theory have all been developed with the public welfare and public policy in mind. What is puzzling to economists about the common good is its claim to include something more than individual welfare.

In this paper, I will explore the common good tradition with a view towards making the concept of the common good accessible to economists, whose training in methodological individualism and emotivism hinder their understanding. More specifically, I will explore the Catholic common good tradition, both because it is rooted in the Aristotelian common good tradition, and most of the modern analyses of the common good come from within the Catholic tradition.

The common good has its roots in Plato and Aristotle; it is by definition the purpose of the social order, the social order's justification. Any discussion of the common good must begin with a discussion of what a society is, and in what sense a society can have a good or purpose.

Once we have a clear sense of what sort of community can have a common good, we discuss what that common good is.

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To fully understand the Catholic tradition of the common good, an economist must understand the different justifications that Catholic social thinkers give for human life in community. There are three justifications in the common good literature that are not commonly discussed in economics:

1. Human beings need human contact, or sociability - that is, the quality of the interactions of humans matters, apart from the material consequences of that interaction.
2. Human beings are formed in community - their education and training in virtue (their preferences) are elements of the common good.
3. A healthy love for the common good is a necessary component of fully developed personality.

The first and third elements of the common good might be incorporated into economic models with a minimum of fuss (although perhaps not without consequence). It is easy to stick new variables into the utility function, and thus into the social welfare function. The second justification, although self-evident, is the most subversive of the economic conception of the common good, because it refuses to take human preferences as given, and therefore rejects preferences as normative. This central element of the common good, that societies exist to shape the development of human preferences – that society embodies a project which shapes human character - contradicts the economist's unquestioning acceptance of preferences as the foundation on which analysis is conducted. One cannot talk of the common good unless one is willing to evaluate preferences by some external measure. Furthermore, if individual utilities are not accepted as the metric by which the common good is measured, then the common good must be more than the sum of individual utility.

Section 2 briefly sketches the common good tradition, from Aristotle to Maritain, emphasizing the justifications in that tradition for social groups. Section 3 gives the economic justifications for human cooperation and exchange, beginning with Robinson Crusoe, alone with his preferences on an island. Section 4 evaluates the shortcomings of the economic notion of the common good, in light of the common good tradition. Section 5 concludes the paper.

2 The Catholic Common Good Tradition

2.1 Preliminaries: Goodness and Community

In order to understand the Catholic common good tradition, it is necessary first to understand what is meant by "good," and then to carefully explain what sort of social group can have a common. Aristotle defines the good as "... that at which all things aim (Aristotle[1980, 1.1])." The definition implies that goodness is a goal, that its achievement requires action. In their actions, human beings instinctively seek the good. When asked to justify an action, a person will often refer to the good realized by it: "Why did you go to the store?" "I went to the store to buy some milk." Much of our discussion about any action focuses on the desirability of the ends of that action - about whether the end sought is good or not ("but the milk at that store is awful").

We say that something is good in two ways. Some things are good in themselves, and are not pursued as means to some further end. We call these ultimate goods. Other ends are pursued only because they contribute towards some end which we consider to be good in itself. For example, a sick person buys medicine not because she enjoys taking medicine; taking medicine

is good because it contributes to health, which may be pursued for its own sake. We call these proximate goods; they are good only insofar as they contribute to some ultimate good.

The good sought by an acting person may be truly good, or it may be illusory - persons may be mistaken about, and even be blind to, the real good. Whether or not one believes that absolute goodness is discoverable by humans, or whether or not reason has any role to play in resolving disagreements about the good, the concept of goodness is still related integrally to goal-oriented action. In the Aristotelian tradition, goodness is very close in meaning to "proper end" or "proper goal."

The common good is that toward which any group aims; it is a social group's purpose, it's justification. At this point, it is necessary to define the group over which a good can be common. A community can be defined as a group which pursues common goods. In an age that prizes individual freedom and initiative, the notion of community and communal goods can appear to be a threat.

Some (e.g. Hayek[19??]) protest that to assign a good to a group is to assign it to something that does not exist, and suspect that the use of communal language is an excuse for the public pursuit of private gain. This suspicion of appeals to the good of the community is well-grounded in light of the abuses of state power in the twentieth century. Any discussion of the common good must include a careful reflection on the meaning of community, its rightful claims on the person, and the person's rightful claim on it.

Any discussion about the relationship of the person to the community immediately raises two separate controversies, which require two sets of distinctions. The first controversy concerns whether the individual exists for the community, or the community for the individual. The second controversy arises from the confusion of the order of a group with the group's

purpose; the crux of this controversy is the role of authority in the pursuit of common goods.

We often say that a person is part of a community, but we must be careful in using the word "part." The analogy of the part to the whole is somewhat misleading when applied to a person and a community (Aquinas 1993, no.5). Often, a part has no existence apart from the whole to which it belongs. For example, my hand is a part of my body, but does not really exist apart from me. This is evident in the way we speak about the hand's actions. Whenever I say "My hand grabbed the lamp," it is implicit that "I grabbed the lamp." Any action predicated on the hand is also predicated on me. On the same lines, a piece of a puzzle is by definition a part of a whole - it is intelligible only as part of a puzzle, even if the rest of the puzzle is missing.

A person is not a part of a community in quite the same way as a piece is part of a puzzle or a limb is part of a body. Even though a human being needs and finds fulfillment in community, he has an existence, and is intelligible as a human being, apart from the community. The analogy of part and whole is not complete, and may be misleading. The person does not exist for the community. The unity of the community is not organic, but is a "unity of order (Aquinas 1993, no.5)." A community is a group of persons, who are each intelligible as separate persons, ordered toward some common end.

This is not to say that a community does not have an existence that transcends its members. A community is embedded in a history, and operates in ways that are unwilled, and cannot be changed by, its members. Communities are real; conventional usage (the company fought, the market fell) recognizes that an organization is something more than the sum of its members. Thus the distinction being person and community is not meant to obliterate the reality of community. It simply denies to communities the prerogatives of the acting person. The community is for the person.

This concept of order in community brings to light another common controversy, which centers on the difference between a group which has an intelligible order, and a group which is ordered towards some end. Consider the following statements:

"Microsoft appealed the verdict."

"The market reacted to the news by falling 50 points."

Both statements reflect an understanding that there is often an intelligible order to human behavior in groups. The first statement, however, is qualitatively different from the second. The first statement's subject, Microsoft, is **acting**, pursuing some goal under the direction of its leadership. The subject of the second statement, the market, cannot be said to act. There is visible order to the market, but it is not ordered **to** anything in the same way that the band is.

Of the subjects above, only Microsoft can have a common good, because only it is ordered towards some end.¹ This does not imply that the order in the market is undesirable; the market is simply not a group in the same way that a band is. A good can only be the good of a community, a common good, if the community orders itself toward that end.

Novak (1989) claims that a common good need not be willed by the community's members, and that markets have a common good, which is the material wealth they generate. This desire to assign common goods to markets confuses the order of the market (and the unintended good that a market may generate) with the ordering of the market by a government. I think it worthwhile to keep the traditional definition of the common good as something toward which a community orders itself, and define the market as a common good, and not as the agent of a common good. The goods achieved in markets can become part of the common good if the community orders itself towards market arrangements, by setting up the regulatory and commercial institutions of a free market. In this case, the market itself can be a common good, a "circle of exchange" within which persons can meet their needs and contribute to the life of

society through exchange (John Paul II 1992). Seeing the market order itself as a common good leaves intact the role of the community in pursuing such a good.

Implicit in the ordering of a community towards a common good is the need for authority (Simon 1962). A community can order itself towards an end only by some mechanism to which its members will submit. A bridge club must meet a certain time; a market needs an authority to enforce contracts and guard against concentrations of power. Authority may take various forms, ranging from direct democracy in small groups to more formal representative or dictatorial structure in larger groups.

At this point we can say two things about the sort of community that can have a common good. First, such a community is real, but it is not itself an acting agent. A community is by definition a group of persons acting together towards some common good. Second, a community can only act towards a common good by ordering itself through authority. Even a market economy must order itself through its legal authority towards market forms.

2.2 The End of Society

Any discussion of the common good is essentially a discussion about the purposes of society, and the demands that life in society makes on the person. This concept is very general, and it is clear that the material common good will vary widely from circumstance to circumstance (Nemetz[1966]). Corresponding to the distinction between proximate and ultimate goods, we may call something a common good even if it is pursued as a means to some higher, ultimate common good, and even if it is only good insofar as it promotes the ultimate common good. Thus, The documents of Vatican II can define the common good as "... the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfillment

more fully and more easily ([Flannery [1975, p. 927]];" it is unstated that the conditions themselves are proximate goods, and the true common good is that which those conditions can bring about: human fulfillment.

This approach to the common good – that it is the rationale for society - should be agreeable to economists, who are used to the question "why do people form groups," and in answering it have developed the concepts of specialization, externalities, and game theory. The purposes of society are not, however, exhausted by the answers to the question "why do people form social groups?" Aristotle and Aquinas were as likely to reverse the subject and objects of the question in seeking the purposes of society : "why do social groups form people?"

This second question is not quite right, of course. Society is not a person, who might choose to form or not to form people. Nevertheless, the interaction of persons in social groups can bring about outcomes which are not intended by those who act within it. In this, society is akin to a market. Markets bring about, in systematic and intelligible ways, outcomes which are not intended by the buyers and sellers. In the same way, any social group or institution brings about outcomes - affects the character and desires of those who participate in it - which are not intended by the members of the group. To the extent that the institutions which structure human interaction in society affect human character, they are concerns of those in authority, who are charged with the pursuit of the common good.

For the "why" in the statement above, we should substitute "how" - "How do social groups form people?" For Aristotle[1984, 7.1] the question was, "What sort of people do we want society to form, and how should we structure society to accomplish this?" His answer was that society existed to form persons in virtue. To Aquinas (1993, no.225), the purpose of society

was to help people to become holy, fit for beatitude with God in heaven; the virtues of the ancients figured in his system as constituents of fully formed character.

Aquinas also asserted that the common good need not be a thing, like a road. It might instead be the order of a group itself (see Froelich[1989]). Thus a group of people might come together in order to interact in a certain way, according to a set of rules. For example, an army's common good might subsist in its coordinated behavior in battle, which promotes the ultimate goals of the army on the battlefield (victory). In the same way, the order of a market may be a common good, if the coordinated way in which the individuals participate promotes some ultimate goal.²

Maritain[1948], in light of both the failed and ongoing totalitarian experiments of his day, highlighted the tension between the dignity of the person and the practical demands of the common good. This tension is captured in the question, "Does society exist for the person or the person for society?" Totalitarian societies had, in the name of the common good, subordinated the person to the state, and in the process degraded the person. The common good is necessary in this case as a check upon the state. At the other extreme, capitalist societies had emphasized the autonomy of the individual against the demands of the state. In this case the common good is a necessary antidote to the centrifugal forces set in motion by radical individualism. Maritain asserts both that society exists for the person, and that the person exists for society, in a way that maintains the dignity of free persons.

Maritain begins by emphasizing the dignity of the person, which comes from his creation in God's image, and in his ordering to an ultimate end, beatitude (happiness or blessedness in communion with God). Because each person's ultimate end transcends the temporal ends of any social order to which he belongs, the common good of a community or state should not be bad

for the person, and it must not be pursued in such a way as to eclipse the ultimate good of the person. In other words, the common good "presupposes the persons and flows back upon them, and in this sense, is achieved in them (p.37)." The common good must be good for everyone, and cannot involve tradeoffs of one person's good for another's.

Because the person has an end which transcends the state, society exists for the person's full development toward that ultimate end. This does not, however, shield the person from all claims from the common good upon his time or resources. The claims of the common good on the person spring from the needs of the person, which are twofold: "the person requires membership in a society in virtue both of its dignity and its needs (Maritain[1948, p.31])."

The transcendent end to which each person is called (communion with God) is not a closed solitude, but is open and generous (Maritain[1948, p.17]). Someone who seeks communion with God will naturally seek to communicate the spiritual good he has found to others. The perfection of the person entails communication and communion. For this reason, the person seeks community, and is oriented towards its good. For a fully developed human being, the common good and the private good converge.

The second set of reasons that the person needs society derive from man's material existence. A person needs material goods, and he needs formation as a person; both come from his interaction in society; no one gets them any other way. As McInerny[1987] notes, man is born helpless: he needs to be fed, clothed, and housed by others, and more importantly he must be taught to be a responsible member of society. The person's material needs as well as his moral formation are provided in community; there is a reciprocal obligation on the person to orient himself toward the common good.

Maritain goes beyond the assertion that the person owes society allegiance in return for feeding him and establishing him as a functioning adult, equipped to meet his needs and his moral obligations in society. Service to the common good is a condition of moral development. Restraints on the individual for the common good, if required and accepted "... in the name of justice and amity ... (Maritain[1948, p.46])," serve to advance the development of the person.

Maritain recognizes a tension between the free will of the person and the demands that the common good places on the individual. The person is taught to contribute to the common good in many ways, including through the constraints of law, which should orient society towards its common good. Thus there exists an uneasy coexistence between the requirement that society respect the agency of the free person and the need for a person to learn in society to contribute to the common good as a condition of moral development.

The Catholic common good tradition puts forth two justifications for society. First, it exists to provide for those needs of individuals which can only be met in community; the person needs provisions, protection, and education. Second, society provides an arena in which a person can communicate to others and contribute to the good of others through the common good. By doing so, the person becomes more fully human.

Some of these reasons for society - provision, protection, even education - are familiar to economists. These particular needs of the person are considered in isolation by economics, however, and it remains to be seen whether the economic treatment of the common good can remain unchanged when the fuller set of common goods are added to the truncated list considered in economics.

3 Economics and the Common Good

Nemetz[1966] notes that the concept of the common good was radically changed by the enlightenment. From the enlightenment writings of Hobbes and Locke emerged a concept of society that was contractual, in which society exists in order to further the goals of individuals, neither asking where the goals of individuals come from nor inquiring into the processes by which individuals are formed in society. It is in this tradition that economics is rooted, and because of it, we must begin our inquiry into the economic conception of the common good on a desert island, with the solitary castaway, Robinson Crusoe.

Crusoe is metaphorically the starting point for all economic thought about the purposes of community. Economists always begin by specifying the preferences of the solitary individual, and then throwing that individual into a group of others (who also have well-specified preferences) and seeing what happens. Of course, this approach to Crusoe begins the story in the middle, and ignores important questions such as "how did Crusoe become Crusoe?" and "Why does Crusoe want to get off the island?" Much good analysis comes of this starting in the middle, but it makes economists liable to forget that the story begins before they take it up.

If Crusoe was all there was to society, his private good would be all there was. Everything that he had would be his alone, and there would be no one to share with, no one else to raise Crusoe or for him to raise. His utility might be written $U_C(X_C^a, l_C^a)$, where X_C^a is a vector of goods consumed under autarky and l_C^a is leisure.

Why should Crusoe ever want the society of other people? Why are groups desirable? Keeping in mind that to answer this question is to identify the substance of the common good for a group, the economic answer is undoubtedly "surplus." When Friday, whose utility under autarky is $U_F(X_F^a, l_F^a)$, arrives on the scene, both Crusoe and Friday can benefit from the

specialization made possible by the expansion of their markets. Exchange makes both better off.

If the social welfare function is unweighted and linear, the common good of this small society is

$$\Delta U_C + \Delta U_F = (U_C(X_C^e, l_C^e) - U_C(X_C^a, l_C^a)) + (U_F(X_F^e, l_F^e) - U_F(X_F^a, l_F^a))$$

where X_i^e and l_i^e are consumption and leisure after specialization and exchange, $i=C, F$.

Economics has more to say about the good achieved in society than explanations of the gains from trade. The literature on public goods and externalities, as well as the game theoretic literature on the gains from coordination, emphasizes the potential gains to individuals from their concerted action in society.³ In every case, the gains from an expansion of society are defined as the surpluses of the individuals, whose utilities are defined on their own consumption and leisure. Of course, one can conduct the analysis entirely in terms of preferences, in which case the potential gains from society would be shown through the expansion of budget sets. In either case, the gains to trade would be defined on the consumption and leisure possibilities of the individuals.

It is not true that economics has nothing to put forth as a common good. It has the gains in welfare of the individuals who coordinate their actions in some way, coming together to form markets, families, and governments. The literature on the gains to cooperation is extensive. Economics makes its case both for markets and for structured government intervention in markets in terms of its conception of the common good - that is, in terms of the welfare gains to individuals. In spite of the usefulness of the economic conception of the common good, a comparison with the classical conception highlights three ways in which the economic conception fails to address the common good.

4 The Limitations of the Economist's Common Good

The defects of the economic conception of the common good are all consequences of beginning with Crusoe in isolation - of beginning all analysis with the individual, whose preferences are unquestioned and normative. First, by first addressing Crusoe's preferences in isolation, we tend to ignore those needs and desires that are social in nature - friendship, charity, etc. Second by, beginning with Crusoe on the desert island, we are at risk of ignoring where his preferences come from, the inescapable role of community in shaping and directing those preferences; as a result, we miss an important constituent of the common good. Third, by ignoring Crusoe's orientation toward community, we ignore the place of the common good in his moral makeup, in his preferences.

Sociability as the Common Good

Calvez and Perrin[1961] assert that the common good is not just "goods;" it is "sociability itself." By this they mean that the benefits of life in community include not only the material surplus generated through specialization and exchange, but also the values of friendship, love, and charity that are realized in society.⁴ Because Crusoe has no human contact when we first observe him on his island, it is easy to neglect the goods of human interaction that should enter his utility function.

These goods can in practice be added to Crusoe's preferences, and taken into account as benefits to life in society. For example, Crusoe's and Friday's utilities might be written as $U_C(X_C^a, l_C^a, f(X_{CF}, l_{CF}, X_{FC}, l_{FC}))$ and $U_F(X_F^a, l_F^a, f(X_{FC}, l_{FC}, X_{CF}, l_{CF}))$, where X_{ij} and l_{ij} are amounts of the goods and leisure which are shared with or given from person i to person j . With this more complex specification of Crusoe's and Friday's interdependent preferences, the surplus

which is associated with the small society of Crusoe and Friday becomes

$$\Delta U_C + \Delta U_F = \left\{ U_C(X_C^e, l_C^e, f(X_{CF}^e, l_{CF}^e, X_{FC}^e, l_{FC}^e)) - U_C(X_C^a, l_C^a, f(0,0,0,0)) \right\} \\ + \left\{ U_F(X_F^e, l_F^e, g(X_{FC}^e, l_{FC}^e, X_{CF}^e, l_{CF}^e)) - U_F(X_F^a, l_F^a, g(0,0,0,0)) \right\}$$

As far as it goes, it does address the social benefits which accompany life in society; economics is capable of including those benefits in its measure of the gains to society, as has been shown in the rich literature on altruism in economics (see. for example, Stark[1989], Coate[1995]).

The Formation of Preferences as the Common Good

The first shortcoming in the economic conception of the common good - that it does not include the goods of human interaction - can be addressed, at least in theory. The second objection cannot be so easily addressed, and is the most serious objection of the three.

Economics takes preferences as given; in the classical theory of the common good, the formation of preferences is the most important thing that occurs in society. McInerney[1987] emphasizes the helplessness of a new child, whose character must be formed in community.

Welty[1960] bases his criticism of social contract theories on the observation that preferences are formed in society. In theories of social contract, free men mutually agree to live in society, accepting the limitations that life in common places on them in return for the benefits which can be attained in society. This approach takes preferences as given; the purpose of the government and society is to satisfy these preferences, and the measure of the benefits of society are the gains in individual welfare. The economic approach to society and social cooperation is a social contract theory - individual's seek community in order to increase their utility, and the benefits of social cooperation are measured in terms of individual preferences, which are taken as given.

Welty claims that this approach to social theory ignores the fact that preferences are not autonomous, but are the result of life in society. The recognition that the societal institutions that make men better off at the same time influence what men mean by the term "better off" introduces a radical feedback into the neat social contract model. To discuss the common good in its fullness, then, one cannot focus solely on the goals of individuals (as West[1987] asserts). A conception of the common good which does not take individual preferences as given and autonomous may generate a strikingly different set of policy questions than a conception of the common good which treats preferences as autonomous. Which is more important, that people, given their preferences, get what they want in society, or that people receive good preferences in society? The second option is excluded by theories which take individual preferences as autonomous. According to Campbell[1976-77], Aristotle and Plato placed the formation of character at the center of their thinking about the common good. Similarly, the types of persons that would result from market organization was an weighty consideration in the political economy of Adam Smith(1982,1759).

If preferences are in part a result of the institutions of society, it is somewhat arbitrary to define society's purpose, its common good, solely in terms of the preferences of its members. Individual preferences are an important datum, but they cannot be normative. To discuss the common good, or to evaluate progress toward the common good, what is needed is a reference point from which to evaluate the content of individual preferences. Statesmen must ask, "what kind of preferences are desirable in men, and what sort of societies encourage those preferences?"

This need not be an argument for the existence of some sort of objective metapreference relationship, discoverable by scientific inquiry and within which various preference orderings

can be ranked. It is simply a recognition that, unless we can argue for or against certain types of preferences, we will not be able to argue for or against a social arrangement solely by referring to the impact of that arrangement on preferences. Economics, steeped as it is in the fact-value split and its close cousin, emotivism (see Roy[1988]), cannot admit arguments about preferences, since such arguments are assumed to be irresolvable. If economists cannot argue for or against particular preferences, then they cannot participate fully in conversations about the common good.

Once the endogeneity of preferences is admitted, there is a greater scope for involuntary restraints on individual behavior. When preferences are autonomous, given, then there can be no justification for involuntary restraints beyond those accepted by the individual as part of a binding contract or informal commitment. When the formation of preferences becomes a central concern, restraints on behavior which aim toward that end, by encouraging virtuous acts and discouraging vice, can no longer be ruled out automatically. There is no real conflict between the individual's good and those constraints of the civil order which foster virtue in the individual. Froelich[1989, p.52-53] refers to Aquinas's argument, that "... only through the civil order is man put within reach of the virtues, which once attained make him the best of animals."

In many minds the acceptance, in the name of the common good, of involuntary restraints on behavior raises the specter of state paternalism, and the worst abuses of the totalitarian experiments in pursuit of the "new man." To justify constraints on individual liberty in this way appears to give rulers license to pursue their own interests against those of citizens. The common good, in emphasizing the dignity of the person, is often appealed to as a constraint on rulers, who are prone to seek their private good, and who in doing so offend the dignity of the citizenry (Michael Smith[1995]). Nevertheless, to note that the common good can justify

constraints on the behavior of individuals is not a prudential argument for such constraints; it merely denies the motion, based on the inviolable autonomy of the individual, to dismiss such constraints out of hand. It is entirely possible that a prudent government might leave citizens free to choose in almost every area of their lives. Even Simon (1962), an ardent advocate for the necessity of authority in pursuit of the common good, issues this warning about government action: "An inquiry into the common good must involve constant awareness that its object may, at any time, be displaced by deadly counterfeit (p.27)."

The Common Good as a Component of Good Preferences

A fully developed notion of the common good should address the formation of character. A healthy society will encourage the development of virtuous persons. Among the most important of the virtues, according to Cronin[1966], is social justice:

"Social Justice [is] a virtue which inclines the individual to seek the common good, and particularly directs him to seek in an organized fashion to achieve an economic society whose laws, customs, and institutions are directed toward the promotion of the common good (p.79)."

Among the virtues that may be instilled in persons are habits that incline the individual toward the common good itself. This virtue is particularly desirable from the standpoint of the common good. The good life in society is made more difficult by the presence of public goods problems, externalities, and prisoners' dilemmas. These problems can be effectively addressed through the efficient design of incentives, taking preferences as given. They can also be addressed, and their impact mitigated, by an orientation towards the common good in individuals.

This orientation toward the common good can be thought of as a form of altruism (Calvez and Perrin[1961])⁵, but not in the traditional meaning of altruism. Someone who is

oriented towards the common good values the conditions which benefit the members of a group, because they benefit the group. Novak[1989] observes that in the U.S. citizens pledge allegiance to a form of organization, "a republic." The conditions to which publicly spirited people are loyal are an proximate good, whose value lies in the promotion of the ultimate common good, the full life of each person in community.

Adam Smith(1984, 1759) assigns an important role to this "love of system" - people often love the order and unity of society for its own sake, sometimes losing sight of the purpose of that unity and order, which is the welfare of persons. Even when people forget the ultimate reasons for the "system," the love of the system for its own sake can promote publicly spirited behavior, and even what Smith calls "public virtue," without which society cannot exist (p.86). At the same time, the publicly spirited man is aware that his own private interests are bound up in the smooth functioning of the institutions of society:

Man, it has been said, has a natural love for society, and desires that the union of mankind should be preserved for its own sake, and though he himself should derive no benefit from it. The orderly and flourishing state of society is agreeable to him, and he takes delight in contemplating it. Its disorder and confusion, on the contrary, is the object of aversion, and he is chagrined at whatever tends to produce it. He is sensible too that his own interest is connected with the prosperity of society, and that the happiness, perhaps the preservation of his existence, depends upon its preservation (Smith, p.88)."

As Young[1997] notes, Smith particularly emphasizes the role for public-spiritedness among those who govern. In commerce, private interest can be turned toward public good through the workings of the invisible hand; in government, self-interest leads, not to public prosperity, but to faction and corruption. This important differences in the way that market institutions and governments direct or fail to direct self-interest toward the common good is a strong argument against state intervention in the economy. It is also a strong case for the promotion of "public virtue," by which all

citizens, and particularly legislators and governors, are oriented towards the common good.

5 Conclusions

Economics can provide an answer to the question “why society?” By answering this question, they give evidence of a notion of the common good which is rooted in methodological and philosophical individualism. The economic conception of the common good is so different from the traditional conception that it appears that the common good has been abandoned by economics. Economists, however, talk about the common good to the extent that they can, in ways that are consistent with their intellectual training. This paper attempts to point out the ways in which economists talk about the common good, and to show what in the traditional common good literature economists overlook.

The most important oversight in the economics of the common good is the neglect of preference formation. In economics, the formation of preferences is prior to the economic problem, and is excluded from the economist’s concerns. In addition, the economist takes individual preferences as normative, as the measure of the benefits of human life in common. Thus, the common good in economics cannot be anything more than the sum of individual goods. If individual preferences are endogenous, produced in society, then the discussion of the good society must include a discussion about what preferences are good. Preferences can no longer be the only measure of the good life in society.

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¹ Recall that goodness in the Catholic tradition is defined in terms of proper end or goal.

² There is some disagreement about whether, for some goal to be a common good, it must be a goal shared by each member of the community. See Novak[1989], Mueller[1984].

³ Wilbur[1987] attempts to make a case for the existence of the common good on the theory of externalities, which he claims yields a similar set of policy implications as the classical theory of the common good.

⁴ Lutz (1999) also emphasizes sociability as a crucial determinant of the common good.

⁵ It can be thought of in a slightly different way, as "... philosophical egoism in the first person plural (Hollis[1998])," in which the solution to a prisoners' dilemma is for the participants to think of themselves as part of a team.