

DEONTOLOGY AND ECONOMICS

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Abstract. In *The Moral Dimension*, Amitai Etzioni claims that people often act for moral motives, and that these motives are specifically deontological. He claims that economics should take account of this fact, and that it would be greatly altered by doing so. This paper examines what it means for people to be motivated by deontological morality, how far it is true that they are, and what significance it would have for economics if it was true. It argues that the methods of economic analysis are actually needed to define deontological morality. It concludes that, if deontological motivations were common, that would indeed conflict fundamentally with the conventional methods of economics. But other forms of moral motivation would not lead to a conflict.

1 Introduction

In *The Moral Dimension* (Etzioni, 1988), Amitai Etzioni claims, as did Albert Hirschman in *Morality and the Social Sciences* (Hirschman, 1980), that people often act from moral motives, that economics needs to recognize this, and that it will be significantly changed by doing so. I agree, though I think the changes may be smaller than Etzioni believes – I shall be explaining why. But Etzioni goes further. He makes a specific claim about the *sort* of morality that motivates people: that it is *deontological*. In this paper, I shall examine what this means, how far it is true and what difference it makes.

According to the dictionary, a moral theory is deontological if it is centred on duty or obligation. On the other hand, John Rawls (1972, p. 30) defines as deontological any moral theory that is not teleological. He defines as teleological any theory in which ‘the good is defined independently from the right, and then the right is defined as that which maximizes the good’ (1972, p. 24). I do not find Etzioni’s own definition of ‘deontological’ (1988, pp. 12–13) very clear. It contains a number of different elements, but one thing is clear about it. Etzioni’s purpose is to draw a contrast between deontological morality on the one hand and utilitarianism on the other. And it is particularly the teleological (or ‘consequentialist’) component of utilitarianism that he contrasts with deontology. So the distinction Etzioni wants to mark with the term

'deontological' seems to be much the same as Rawls's. In any case, this is the distinction I shall concentrate on. Even if it is not exactly the one Etzioni has in mind, it is the one that suits his purpose in criticizing economics, as I shall explain. To avoid ambiguity I shall generally use 'nonteleological' instead of 'deontological.' I shall ask: what, exactly, distinguishes a teleological theory from a nonteleological one. (The terms 'consequentialist' and 'nonconsequentialist' are more common these days, and mean very much the same. But I prefer 'teleological' and 'nonteleological' for reasons that will appear.) I shall particularly concentrate on characterizing teleological theories, and I shall identify nonteleological theories by contrast with them. The account of teleology that follows is developed more fully in Broome (1991, Chapter 1). It is similar to the account found in Vallentyne (1987).

2 The intrinsic value of acts

As I say, Rawls defined teleological morality as a theory in which the right is defined as that which maximizes the good. This definition needs some development. Goodness is often thought of as a property of states of affairs and rightness as a property of acts. So one way of interpreting the definition is this: a teleological theory first evaluates states of affairs, and then determines the value of an act by the goodness of the state of affairs it leads to: of its consequences, that is. A nonteleological theory, on the other hand, assigns intrinsic value to some acts, independently of their consequences. One nonteleological theory, for instance, says that breaking a promise is wrong in itself, quite apart from the consequences it leads to.

But there is a difficulty with this interpretation. If I perform some act, one consequence of my doing so – one feature of the state of affairs my act brings about – is that I have performed this act. If the act is intrinsically good or bad, then this consequence is good or bad too. When evaluating the consequences of the act, there is nothing to stop us including the value of this consequence along with others. In this way the intrinsic value of the act can be taken into account within an evaluation of the consequences. So teleology can take account of the intrinsic value of acts; it can simply absorb these values that at first seemed to be nonteleological.

This fact is well recognized by now. In the recent literature on the subject (see, for instance, the collection in Scheffler, 1988), the fact that an act has been done is generally included amongst the consequences of the act, and any intrinsic value the act may have is counted into the value of the consequences. Samuel Scheffler (1982, not on pp. 1-2) says:

I do not mean that the act-consequentialist divides what happens into the act and the outcome, and evaluates only the latter with his overall ranking principle. Rather, the act itself is initially evaluated as part of the overall outcome or state of affairs. The act-consequentialist first ranks overall outcomes, which are understood, in this broad way, to include the acts necessary to produce them, and then directs the agent to produce the best available outcome so construed.

I shall follow this practice. It removes any reason for distinguishing between the value of an act and the value of its consequences, and I shall simply identify the two. (This is one reason I prefer the term 'teleological' to 'consequentialist'; teleological theories are not distinguished by any special status they give to consequences.) I shall take it for granted that an act is exactly as good as its consequences. (I shall slightly qualify this remark in Section 5).

Teleology, then, can accommodate the intrinsic values of acts. Given that, it may look as though there is nothing left for nonteleological

morality. The values that seemed distinctively its own can be absorbed into teleology. But there are other ways of making the distinction.

3 Agent relativity

Consider this moral dilemma (derived from Williams, 1983). I have made a promise. If I keep it, for some reason one result will be that five promises made by other people will be broken. But if I break my promise these five other promises will be kept. Other consequences will be pretty much equal. Should I break my promise or keep it?

One answer is that I should break it, for the following reason. Promise-breaking is intrinsically bad. Breaking my promise would bring about this bad thing. On the other hand, keeping my promise would bring about five promise-breakings, which would be five times as bad. Therefore, it is better on balance to break my promise, and that is what I should do. This answer is teleological. It takes account of the intrinsic value of the act of promise-keeping, but I explained in Section 2 that intrinsic values can be recognized by teleology. I shall call this 'the simple teleological view'; I shall mention a more complex teleological view in a moment.

Alternatively, it can be plausibly argued that I should keep my promise. I know of two ways of making this argument. Each identifies a different feature of the simple teleological view, and objects to it.

The first argument is this. The simple teleological view takes up a neutral, impersonal standpoint. That is why it insists that the five promises must outweigh the one. From a neutral standpoint the breaking of one promise is just as bad as the breaking of another. But actually, goes the argument, we should take account of an actor's particular position in a moral problem. From the personal point of view of me the actor, the promises in question are not all the same: one is mine and five are other people's. I ought to attach more weight to my own wrongdoing than to other people's. I do not bear the same responsibility for the wrongdoing of others as I do for my own. From my point of view, one promise-keeping of my own may be enough to outweigh five of other people's. So it may be that I ought to keep my promise. This argument depends on *agent-relative* values. It claims that differently situated people should sometimes assign different values to the same act. I shall call this 'the agent-relative view'.

The second argument is this. When there is a decision to be made – a choice between alternative acts – there will often be considerations on each side. In the example, there is a consideration in favour of keeping my promise: breaking a promise is wrong. There are also considerations in favour of breaking it: doing so will prevent five wrongs of promise-breaking. How exactly do the conflicting considerations together determine which act should be done? The simple teleological view thinks of it this way. It supposes that each

consideration contributes to determining the goodness or badness of the alternative acts. After all the considerations have been taken into account, one act will emerge as the best. That is the one that should be done. In the example, the best act turns out to be breaking the promise. The wrongness of breaking a promise, then, is treated in the simple teleological view as one bad thing to be weighed against others. But actually, goes this argument, considerations do not always work this way. The wrongness of breaking a promise does not, for instance. It is not a consideration to be weighed against others. Instead, it simply determines that I ought not to break my promise. It is what Robert Nozick (1974, pp. 26–35) calls a 'side-constraint'.

Nozick himself uses a different example, but it has the same structure. There is an act (setting up a police force) that violates some people's rights (because these people will have to be taxed, which Nozick considers a violation of rights). But it will have the effect of preventing greater violations of rights (rape, robbery, murder and so on). It might reasonably be argued, says Nozick, that it would be wrong to perform this act. If violating rights were a bad thing that should be weighed against others, then the act would be right because it would minimize the total violation of rights. But nevertheless, it could reasonably be argued that the wrongness of violating rights does not work like that. Instead it simply determines that one should not do an act that violates rights. It is a side-constraint.

Most of the recent discussion of teleological and nonteleological morality – under the names of ‘consequentialism’ and ‘nonconsequentialism’ – has been a discussion of the agent-relative view. It has examined whether agent-relative values really exist (for instance, Williams, 1973, and Nagel, 1986, pp. 164–188). Consequentialism is often defined to allow agent-neutral values only (for instance, Scheffler, 1982, p. 1), so that the agent-relative view is by definition nonconsequentialist. (This is the second reason why I prefer the term ‘teleological’ to ‘consequentialist’: to be free of this definition.) But the agent-relative view and the simple teleological view, as I described them, share a common conception of the working of moral considerations. They see these considerations as determining together which is the best act. And they take the best act to be the one that ought to be done. The only difference is that the agent-relative view, by allowing agent-relative considerations, allows the best act to be agent-relative. The best from one person's point of view is not necessarily the best from another's. (Amartya Sen (1982) gives support to the idea of agent-relative good.)

The agent-relative view and the simple teleological view differ in their understanding of good, but they both imply that the right act is the one that maximizes good. So they both fit Rawls's definition of teleology: ‘the good is defined independently from the right, and then the right is defined as that which maximizes the good.’ I am going to follow Rawls,

and classify them as teleological. The second argument I mentioned above, on the other hand, is strictly nonteleological.

The distinction between teleological and nonteleological theories, seen this way, is a matter of the way moral considerations come together in determining the right thing to do. According to teleological theories, they combine to determine what is best, and what is best is, in turn, what is right. According to nonteleological theories, on the other hand, moral considerations sometimes work in other ways. I mentioned Nozick's view that some considerations are side-constraints. But that is only one example. I shall mention another in a moment.

4 Teleology defined

A teleological theory is one that says, when there is a choice between alternative acts, that the right one to choose is the best. This is how I propose to define 'teleological,' and I take the definition to be much the same as Rawls's. It implies that, between acts, there is a *betterness relation*:

__ is at least as good as __

(where the blanks are to be filled in with acts), and this relation determines what is the right thing to do.

One might think, once more, that this definition excludes nothing from teleology. Any moral theory, one might think, can be understood as saying that the right act is the best. If, from a choice of alternative

acts, the theory picks out one of them as right, it seems it could also call this one the best of the alternatives. Then the right act would be the best.

But this is not so. A betterness relation has to conform to certain constraints. For one thing, the relation has to be transitive and reflexive. That is to say: for any acts *A*, *B* and *C*, if *A* is at least as good as *B* and *B* at least as good as *C*, then *A* is at least as good as *C*; and any act *A* is at least as good as itself. I believe transitivity and reflexiveness are requirements of logic, because any comparative relation – at least as wet as, at least as ugly as, and so on – must conform to them (see Broome, 1991, pp. 11–12). A transitive and reflexive relation is an *ordering* (strictly a *quasi-ordering*). Acts, therefore, are ordered by their goodness. A teleological theory aims to get as high up on this ordering as possible.

I am identifying teleological theories by their *structure*, then: they have what may be called a maximizing structure. To be sure, a teleological theory is one that aims to maximize specifically *good* rather than something else, and this seems to be a matter of substance as well as structure. But the mention of good in the definition is actually redundant. If a *moral* theory aims to maximize anything, then what it aims to maximize must be what the theory takes to be good. Amongst moral theories, the teleological ones can be picked out by their structure alone.

Not all moral theories have this structure. The side-constraints theory is an example of a theory that is not maximizing and therefore not teleological. Here is another (see also the important example in Temkin, 1987). A *simple majoritarian theory* says that, whenever there is a choice of acts, the right one to choose is the one the majority of people prefers. This theory is nonteleological because of the well-known 'paradox of voting'. Take three alternative acts *A*, *B* and *C* that everyone is indifferent about except for three people. Suppose these people have preferences *A B C*, *B C A* and *C A B* respectively. In a choice between *A* and *B*, the majority prefers *A*. Therefore the simple majoritarian theory says *A* is the right act to choose. For the same reason, it says that in a choice between *B* and *C*, *B* is the right one to choose, and in a choice between *A* and *C*, *C* is the right one to choose. It cannot, however, be the case that *A* is better than *B*, *B* better than *C*, and *C* better than *A*. Therefore this theory is nonteleological. A simple majoritarian might be tempted to think that *A* is better than *B* because the majority prefers *A* to *B*. Similarly she might be tempted to think that *B* is better than *C* and that *C* is better than *A*. But actually she must not think these things, because they are logically inconsistent. She is entitled to think that *A* should be chosen when there is a choice between *A* and *B*, but that cannot be because it is better. She must accept that her theory is nonteleological.

Robert Nozick (1968) argues that *any* moral theory could be formulated as a maximizing theory, and his argument is elaborated by Peter Vallentyne (1988). Vallentyne points out that, in the course of formulating a theory as maximizing, acts may need to be reindividuated. In the majoritarian example, let us individuate the acts more finely. Let us treat doing *A* when the alternative is *B* as a different act – write it A_B – from doing *A* when the alternative is *C* – A_C . Let us divide the other acts similarly. Then we can consistently say that A_B is better than B_A , B_C is better than C_B and C_A is better than A_C ; this implies no intransitivity in the betterness relation. So we can say that, in the choices between A_B and B_A , B_C and C_B , and C_A and A_C , the right act, according to the majoritarian theory, is the best.

I do not wish to deny that any theory could be formulated as a maximizing theory by methods like this. I shall be arguing (against Etzioni) that the traditional methods of economics can cope with moral behaviour, provided it is behaviour according to a maximizing morality. If this includes all moral behaviour, so much the better for the methods of economics. Still, if my way of characterizing teleology is to be useful, it ought not to include all moral theories automatically. So I have two points to make about the reformulation of moral theories as teleological.

The first is this. Some theories, including side constraints theory and majoritarianism, are explicitly nonteleological as they stand. They do

not have a maximizing structure, even if it is possible to reformulate them so that they do. Moreover, the reformulation may make them less comprehensible as moral theories. For instance, consider how the majoritarian theory could be expressed, if reformulated. The theory cannot say that the better of any pair of acts is necessarily the one the majority prefers. This is because, however finely acts are individuated, people's preferences between them might have a pattern that leads to the intransitivity I described. Suppose, for instance, that three people have preferences $A_C \sim A_B$, $B_C \sim B_A$, $C_B \sim C_A$, $B_C \sim B_A$, $C_B \sim C_A$, $A_C \sim A_B$ and $C_B \sim C_A$, $A_C \sim A_B$, $B_C \sim B_A$ respectively. Then the majority prefers A_B to B_C ; the majority prefers B_C to C_A ; and the majority prefers C_A to A_B . But A_B cannot be better than B_C , B_C better than C_A , and C_A better than A_B , all simultaneously. Though the theory is supposed to be majoritarian, it will have to concede that sometimes one act is not better than another even when the majority of people prefers it. That makes it hard to understand what the basis of the theory could be. The reformulation is 'gimmicky', as Nozick puts it. The theory makes better sense in its original nonteleological form.

The second point is that Vallentyne's argument, extending Nozick's, remains incomplete. It does not demonstrate that every ethical theory could be given even a gimmicky reformulation as maximizing. Nor is it intended to: Vallentyne himself describes one type of theory that cannot be reformulated. One reason, not mentioned by Vallentyne, why

a theory may resist reformulation is that the theory itself may depend implicitly on a particular individuation of acts. Take the majoritarian theory again. A person's preference between a pair of coarsely individuated acts A and B may not be the same as her preference between the corresponding more finely individuated pair A_B and B_A . Here is an example. Maurice is frightened of mountaineering, and he likes the comfort of his home. So, at least in one sense of 'prefer', he prefers staying at home to mountaineering. However, if he were presented with a choice between mountaineering and staying at home, he would see this as a test of his courage. He would think it cowardly to stay at home when the alternative is mountaineering. Therefore, at least in one sense of 'prefer', he prefers mountaineering when the alternative is staying at home to staying at home when the alternative is mountaineering. Consequently, a theory that makes what ought to be done depend on people's preferences between finely individuated acts is not the same as a theory that makes what ought to be done depend on their preferences between coarsely individuated acts. I am therefore unsure how the majoritarian theory could be reformulated whilst still remaining exactly the same theory. Perhaps it could be done, but I should need to see it done before I was convinced.

5 *The structure of good*

A teleological theory has *the structure of good*. Strictly, it has the structure of the betterness relation. One aspect of this structure is that the betterness relation is an ordering, which gives teleology a maximizing structure. But there is much more to the structure of good than that. It is logic that says a betterness relation is an ordering. But now I want to go further in describing the structure. I shall be on less secure ground than logic, but still, I hope, secure enough. I shall start with expected utility theory.

So far, in speaking of acts, I have implicitly supposed they have results that are certain. But actually, hardly any acts have certain results. The betterness relation is inevitably a relation between acts whose results are uncertain. This means, for one thing, that I shall have to qualify my remark in Section 2 that the goodness of an act is the same as the goodness of its consequences. That was an oversimplification. I did not mean that the goodness of an act is the goodness of the consequences that will actually result from it. Because an act has uncertain results, we may say it creates a *prospect*, where a prospect is a range of possible final consequences, each having some probability of coming about. I take the goodness of an act to be the goodness of the prospect it creates, rather than the goodness of its

actual consequences. The goodness of an act will therefore be relative to probabilities. Details are given in Broome (1991, Chapter 6).

Uncertainty is the business of expected utility theory. So we can expect expected utility theory to tell us something about the structure of the betterness relation between acts with uncertain results. Expected utility theory is generally set up as a theory of preferences. Take a person who has a preference relation,

__ is preferred or indifferent to __,

between alternative acts. Expected utility theory describes the structure of this relation. It requires it to conform to a number of *axioms*. One axiom is that the relation is an ordering: transitive and reflexive, that is. But there are many other axioms too; I do not have to go into details. The fundamental theorem of expected utility theory proves that, provided a person has preferences that conform to the axioms – I shall call them ‘coherent’ if they do – she can be construed as an *expected utility maximizer*. That is, each of the possible results of any act can be assigned a number, called its ‘utility,’ in such a way that, of any pair of acts, the preferred one always has the greater expected utility. Utilities *represent* the preferences in this way. It is important to recognize that utilities are defined in the theory to do nothing apart from represent the preferences. The content of the theory is simply that the preferences are coherent. Anyone whose preferences are coherent is an expected

utility maximizer, because utility is *defined* to be what the person maximizes the expectation of.

Expected utility theory can be interpreted in several ways. It is sometimes interpreted as a theory about the preferences people actually have. Under this interpretation, it claims that people have coherent preferences. But it is now widely agreed, I think, that the theory is false when interpreted this way. People's actual preferences are often not coherent (see, for instance, Tversky and Kahneman, 1986).

Alternatively, the theory can be interpreted as a theory of *rational* preferences. Under this interpretation, it claims that a person would have coherent preferences if she was fully rational. The axioms of expected utility theory are requirements of rationality, then. This is a controversial claim to make (see, for instance, Allais, 1979, and Machina, 1981). My own view, though, is that expected utility theory does well as a theory of rationality. I think there are good arguments for it (see Broome, 1991, Chapter 5).

I should like to suggest a third interpretation for expected utility theory. It can be interpreted as a theory about good, or more exactly about the betterness relation. Under this interpretation, the theory claims that the betterness relation satisfies the axioms (when it is put into the theory in place of a preference relation). So according to this interpretation, expected utility theory says something about the

structure of the betterness relation: that this relation conforms to the axioms of the theory.

When interpreted this way, is expected utility theory true? Is the betterness relation really coherent? I think there are grounds for thinking it is. The full grounds would take too long to set out here (see Broome, 1991, Chapter 6); here I can offer only the following outline of an argument. As I say, I believe there are good arguments to show that a *rational* agent will have coherent preferences. This would include a rational agent that was concerned only for the general good, if there were one. Such an agent would always prefer, of two alternatives, the better one. Therefore its preference relation would coincide with the betterness relation. Since its preference relation would be coherent, the betterness relation must be coherent too.

I think, then, that expected utility theory tells us something about the structure of good. We now know more about the betterness relation than simply that it is an ordering: it also conforms to all the other axioms of expected utility theory.

But there is more yet. I am interested in a wider question about the structure of good, which includes the subject matter of expected utility theory as a special case. The good in the world comes in packages at different 'locations,' as I call them. Somehow good at different locations comes together to determine overall good. The question that interests me is: how?

Here is an example of what I mean. A person as she goes through life has some good times and some less good times. The good in her life occurs at different times. Each time is a location for good. And the good at all the different times goes together somehow to determine how good her life is as a whole. But how? Is it simply added, or what?

Another example. A society is made up of many different people. Some have good lives; others less good. A person, then, is a location for good. The overall good of the society is made up in some way out of the good of the individuals. But how? An important issue here is equality. Is the good of the society just the total of individual good? Or, for a given total of good, is the society better if the good is more equally distributed across the people?

A third example. Consider an act with uncertain results. Expected utility theorists model uncertainty by saying there are a number of different 'states of nature.' One of them will occur, but we do not know which. The result of the act depends on which state of nature materializes. In some states the result will be good; in others less good. So states of nature, too, can be thought of as locations for good. The overall goodness of the act depends on the goodness of its results in all the possible states of nature. These amounts of good, located in the different states, come together in some way to make up the goodness of the act. But how? This question is the specific concern of expected utility theory, and it is one I have already mentioned.

There are three *dimensions*, then, of locations for good: time, people and states of nature. Good is strung out on a three-dimensional grid. Overall goodness is determined by aggregating across these dimensions. The question is: how? How does good at the different locations get put together to determine overall good? Across the dimension of states of nature, the answer is provided by expected utility theory. And the interesting thing is that there are close links between the modes of aggregation for the different dimensions. This is established by some formal theorems of economics, starting with one proved by John Harsanyi (1955; the most general theorem is in Gorman, 1968). Harsanyi established a link between risk aversion – a matter of aggregation across the dimension of states of nature – and inequality aversion – a matter of aggregation across the dimension of people.

What I want to draw out of this is not the details, but the fact that there is a lot of work to be done in understanding the structure of good, and that the methods of economics (including expected utility theory) have a lot to contribute to it. This ought to be no surprise. Economists have a great deal of experience with maximizing structures. They have generally been concerned with the structure of *preferences*. But the form can be detached from the content, and applied instead to good. Amitai Etzioni opposes the formal methods of economics on the grounds that

they do not take account of people's ethical motivations. I am saying that the formal methods can contribute to ethics itself.

To summarize. Teleological morality is best characterized by its structure. Teleology is aimed at good, and it inherits the structure of good. Any moral theory that does not have this structure is nonteleological. And the structure is largely described by the methods of economics.

6 Does economics assume people are self-interested?

Economics itself has, during the twentieth century, become more and more concerned with structure rather than content: with the structure of preferences rather than their object or source. The neoclassical economists of the late nineteenth century were committed to the view that people's preferences are always self-interested. Francis Edgeworth (1881, p. 16) announced that: 'The first principle of economics is that every agent is actuated only by self-interest.' But during the first half of the twentieth century it came to be realized that economics can do without such a dubious commitment.

Utility theory may reasonably be counted as the first principle of economics. It is the fundamental theory of people's behaviour within economics. And modern utility theory is concerned with structure. To fit the theory, a person's preferences must have a particular structure: they must constitute an ordering and, when it comes to uncertainty,

they must conform to the other axioms of expected utility theory too. Any person whose preferences conform to the axioms will be an expected utility maximizer; her utility is defined as that which she maximizes the expectation of. On the other hand, if a person's preferences do not conform to the axioms, utility cannot be defined for her in such a way that she maximizes the expectation of it. Etzioni (1988, p. 29–31) claims that this axiomatic version of utility theory is 'empty'. But this is not so. The content of the theory is absolutely clear and precise; it is laid down in the axioms. Utility theory says that a person's preferences conform to the axioms. It says nothing more and nothing less.

In particular, it says nothing about what motivates people's preferences. It does not say, for instance, that people are self-interested. A person can have preferences that conform to the theory even if she is altruistic. Edgeworth's dictum, therefore, is not true of economics today. Lionel Robbins (1935, p. 95) is a better spokesman for modern economics: 'So far as we are concerned, our economic subjects can be pure egoists, pure altruists, pure ascetics, pure sensualists or – what is much more likely – bundles of all these impulses'.

That people are actuated by self-interest may, perhaps, be the second or third principle of economics. It is certainly a central principle of conventional *welfare* economics. Conventional welfare economics takes

it for granted that increasing a person's utility, as utility theory defines it, is in the person's interest. This will only be true if the person's preferences, from which her utility is defined, are self-interested. Furthermore, many higher-level 'positive' economic theories (higher-level in that they add more assumptions to the fundamental theory of behaviour) implicitly assume self-interested actors. General equilibrium theory, for instance, assumes that each person is indifferent about everyone else's consumption.

7 Conclusion

Now, let me return to the questions that began this paper. Etzioni claims, not just that people often act from moral motives, but specifically that their morality is deontological. I asked what this means, how far it is true, and what difference it makes to economics.

I have answered the first question. I took 'deontological' in Rawls's way to mean simply nonteleological. Teleological morality is identified by its structure, which is determined by the structure of good. A deontological morality is a morality that does not have this structure.

The answer to the third question is also now clear. Acting in accordance with *teleological* morality is consistent with utility theory. Indeed utility theory helps to determine the structure of teleological morality. So acting in accordance with teleological morality will not disturb economics at its deepest level. It may, as I say, conflict with the

second or third principle of economics, but not with the first. General equilibrium theory may have to be revised and so may welfare economics, but not the fundamental theory of people's behaviour. That is why I said it will make less difference to economics than Etzioni suggests if we recognize the prevalence of moral motivations, provided they are teleological.

On the other hand acting in accordance with a *nonteleological* morality will not be consistent with utility theory. If people do *that*, it will call for a radical change at the deepest foundation of economics. Etzioni is therefore right to attach weight to the claim that people's morality is specifically deontological.

The second question is: how far is it true that people act in accordance with nonteleological morality? Much of the evidence Etzioni supplies (1988, pp. 51–66) is simply that people sometimes act altruistically. Altruism, though, is consistent with teleology. One teleological moral theory says that you should act so as to maximize the total of people's good, and this is altruistic. So this evidence is beside the point.

There are also teleological theories that allow a person to give special weight to her own interest in deciding how to act. These theories treat good as an agent-relative concept. Each person, they say, should maximize good from her point of view. And her point of view may give extra weight to her own interest (see, for instance, Scheffler, 1982).

Egoism, which says a person should pursue her own interest only, is also a teleological theory; it has a structure that is consistent with utility theory. If everyone was an egoist, that would not call for a revision to economics. The whole range from altruism to egoism, then, is consistent with utility theory, the first principle of economics. This is just what Robbins said.

Etzioni says people have two 'utilities,' one self-interested and one moral (1988, pp. 36–50). He means that people pursue two goals. But a person may pursue both her own good and the good of others and still conform to a teleology. She has only to integrate her goals into a coherent structure, giving a particular weight to each. This is what we do, if we are rational, about all the many conflicting goals we all have.

Etzioni, though, says there is dissonant conflict between people's goals (1988, p. 72). I take this to mean that people do not have their goals properly integrated. Their behaviour is incoherent, now serving one goal and now another. If that is true, then, certainly, their actions will not conform to teleological morality. But this is a *failing* on their part. Rationality requires us to put our goals together into a coherent pattern. If our goals are in dissonant conflict, we are irrational. We are not pursuing an alternative, nonteleological, morality. We are not acting on any rational principles at all.

I am ready to believe that, for most of us, there is an unresolved conflict between self-interest and morality. This may be an important

source of irrationality in our behaviour. And if irrationality is prevalent, *that* will certainly require a major change in economics. A very fundamental assumption of economics is that, by-and-large, people behave rationally. This is what most particularly sets economics off from other social sciences. If this assumption has to go, that will be a major blow to the method of economics. But the cause of the blow will be irrationality and not deontological morality. And there are undoubtedly other important causes of irrationality besides a conflict between self-interest and morality. One is the inability of most of us to handle uncertainty properly (Tversky and Kahneman, 1986). That, I believe, is much more likely to upset the methods of economics than conflicts over morality.

There are genuine deontological – nonteleological – moralities. 'Common-sense morality' is often said to contain deontological elements (for instance, Nagel, 1986, p. 166). But to call mere irrationality 'deontological' is to overdignify it. If deontological moralities affect people's behaviour in important ways, then economics is in for a shock. But I doubt that its shocks will come from this direction. I think they are more likely to come from people's irrationality.

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