



HAL
open science

Ethics and technique in welfare economics: How welfarism evolves in the making

Antoinette Baujard

► **To cite this version:**

Antoinette Baujard. Ethics and technique in welfare economics: How welfarism evolves in the making. 2022. halshs-04150893v2

HAL Id: halshs-04150893

<https://shs.hal.science/halshs-04150893v2>

Preprint submitted on 16 Dec 2024

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L'archive ouverte pluridisciplinaire **HAL**, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d'enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.



Distributed under a Creative Commons Attribution - NonCommercial - ShareAlike 4.0 International License

WP 2306 – June 2022

Ethics and technique in welfare economics: How welfarism evolves in the making

Antoinette Baujard

Abstract:

Under welfarism, assertions such as “this social state is better than an alternative” or “this policy should be enacted” are based on the assumption that social welfare ultimately depends only on the well-being of individuals. A normative analysis of welfarism seeks to provide a transparent description of the basis upon which welfarism makes its value judgements, which is equivalent to an investigation into its choice of a preferred notion of well-being. Such an investigation, this paper claims, can take two forms, which we should distinguish: the ethical analysis of welfarism is concerned with the appeal to a given ethical theory of well-being; and the technical analysis of welfarism concerns the specific measure of individual utility that in practice is used to measure social welfare. Reviewing a series of claims which bear on how these two versions of welfarism are articulated (the standard, proxy, evidential and tension claims), the paper explores the differences between the ethical and technical approaches in the normative interpretation of welfarist assertions.

Keywords:

Welfare Economics, Welfarism, Ethics, Practice, Ethical welfarism, Technical welfarism, Demarcation, Neutrality, Non-Neutrality, Axiological transparency, Value judgements

JEL codes:

B4, D6, I31

Ethics and technique in welfare economics: How welfarism evolves in the making

Antoinette Baujard¹²

This Version. June 23, 2022

Abstract. Under welfarism, assertions such as “this social state is better than an alternative” or “this policy should be enacted” are based on the assumption that social welfare ultimately depends only on the well-being of individuals. A normative analysis of welfarism seeks to provide a transparent description of the basis upon which welfarism makes its value judgements, which is equivalent to an investigation into its choice of a preferred notion of well-being. Such an investigation, this paper claims, can take two forms, which we should distinguish: the ethical analysis of welfarism is concerned with the appeal to a given ethical theory of well-being; and the technical analysis of welfarism concerns the specific measure of individual utility that in practice is used to measure social welfare. Reviewing a series of claims which bear on how these two versions of welfarism are articulated (the standard, proxy, evidential and tension claims), the paper explores the differences between the ethical and technical approaches in the normative interpretation of welfarist assertions.

Keywords: Welfare Economics, Welfarism, Ethics, Practice, Ethical welfarism, Technical welfarism, Demarcation, Neutrality, Non-Neutrality, Axiological transparency, Value judgements

Résumé en français. Dans le cadre d'étude welfariste, des affirmations telles que "cet état social est meilleur que tel autre état social" ou "cette politique devrait être promulguée" reposent sur l'hypothèse que le bien-être social ne dépend que du bien-être des individus et de rien d'autre. Une analyse normative du welfarisme vise à fournir une description transparente des jugements de valeur impliqués dans ces évaluations et ces recommandations, ce qui revient à s'interroger en particulier sur la notion du bien-être qui a été retenue. Cette enquête normative peut prendre deux formes et cet article défend l'idée qu'il convient de les distinguer : l'analyse éthique du welfarisme concerne le recours à une théorie éthique donnée du bien-être ; et l'analyse technique du welfarisme concerne la mesure de l'utilité individuelle qui est utilisée en pratique pour mesurer ce bien-être social. L'article passe en revue successivement quatre points de vue-type portant sur l'articulation de ces deux versions du welfarisme : le point de vue standard, de l'approximation, de la preuve et de la tension. En étudiant l'interprétation normative des affirmations welfaristes, il explore les différences qui émergent entre les approches éthique et technique.

Mots-clés en français. Économie du bien-être, welfarisme, éthique, pratique, welfarisme éthique, welfarisme technique, démarcation, neutralité, non-neutralité, transparence axiologique, jugements de valeur.

JEL-Codes: B4, D6, I31

¹ Université Jean Monnet, 42 023 Saint-Etienne, France. GATE Lyon Saint-Etienne (UMR CNRS 5824). Antoinette.baujard@univ-st-etienne.fr. Orcid: 0000-0002-4156-7527

² A version of this paper has been submitted and published in a special issue of the *Revue Economique*, in honor of Philippe Mongin. I wish to express my deep gratitude to Philippe Mongin for his illuminating contributions to the philosophy of normative economics, and to underline the decisive influence that his articles and my conversations with him have had on the direction of my research. I thank Ben Young, an anonymous referee for their careful review of this article, and the editors of this special issue.

Introduction

If, following Sen (1970: 105–120), we accept that “there are marked differences, both logical and rhetorical”, between mathematical, factual, and value judgements, then Philippe Mongin’s insight that “one’s vision of economics cannot be the same regardless of whether one construes it as a primarily neutral or a primarily non-neutral discipline” (2006: 258) seems ineludible. And hence Mongin (2006) famously conducted an investigation into value judgements and value neutrality, defending the “weak non-neutrality thesis” against alternative positions regarding the demarcation between the positive and the normative in economics. Elaborating on the Weberian distinction between *making* and *studying* value judgements, Mongin observes that the latter requires us to split the “traditional concept of a value judgement into a statement and a judgement proper”, something which is possible only on the condition that the value judgements are clearly explicated. After my two previous papers in this vein (Baujard 2013 and 2021), this paper pays a further tribute to Philippe Mongin’s major contribution in this area: here, I apply the weak-non-neutrality thesis to the normative analysis of the assertions of welfare economics, highlighting the difficulties that the transparency condition faces in the move from theory to practice.

Welfare economics provides a general theoretical framework intended to enable the evaluation of social states and to assist in the making of public decisions. For this purpose, welfare economics evaluates alternative situations or public policies in terms of their consequences for social welfare. If policy A generates better consequences for social welfare than policy B, then the evaluator should recommend policy A. The central matter for debate, of course, concerns the criteria that determine what “better consequences” means. Welfare economics standardly considers that social welfare only depends on individual well-being: it is this feature that is called “welfarism”.³

The wide literature on welfarism, and especially that which is critical of it, has focused mainly on formal or philosophical issues, seeking to illuminate which ethical values are or are not embedded in the welfarist approach. Philosophical enquiries which adopt this perspective are concerned to investigate why and how welfarism is justified, and also to specify what “ethical load” is conveyed by the adoption of welfarism in the first place. The focus on individual well-being requires, foremost, that other ethical values, including rights or freedom, should not be assigned intrinsic importance; they can at most have only instrumental value.

³ After Hicks (1959), in the late seventies Amartya Sen introduced this concept (Sen 1977, 1979a b) in order to bring out some of the difficulties of welfare economics, in addition to the more standard aggregation issue.

Besides this point, we note that well-being can be defined by reference to some version of subjective utility, or in terms of objective welfare. There are indeed strong disagreements on which conception of welfare should be retained for normative purposes (e.g. Sen 1979a, Griffin 1986, Sumner 1996, Tiberius 2006, Sugden 2018 among many others). The concept of individual well-being adopted by any given author will therefore at root be linked to some specific theory of well-being, which provides a justification in its favor and counterarguments against competing theories (Haslett 1990, see also the chapters by Bykvist, Haybron, Hurka, Lucas or Graham in Adler and Fleurbaey 2016). Hence ‘welfarism’ implies a reference to the ethical values embedded in the given welfarist framework, where these are delineated by the focus on individual well-being to the exclusion of other values, and also by the specific choice of the interpretation of individual well-being.

This emphasis on theoretical aspects raises a number of issues, however, given that the tools of welfare economics, including the ubiquitous cost–benefit analysis, have been designed and are used for practical matters, specifically evaluations and recommendations. There are, in particular, technical issues arising because of the operational conditions in which information on well-being is to be gathered. Much indeed has been written on the difficulties of measuring and comparing well-being in practice,⁴ the core of the debate concerning whether welfare is best captured by preference-satisfaction,⁵ the happiness view of well-being,⁶ or appropriate alternatives. In particular, van der Deijl (2018: 128) argues that a given notion of individual well-being can be “so data-demanding given its basic theoretical commitments, that it would be practically infeasible as a useful tool for policy”; he notably shows how preference-measures face strong methodological challenges in concrete contexts, and highlights which trade-offs with the theoretical commitments are involved in the operationalization process. Beyond the ability to measure welfare faithfully, another issue regarding the ethical transparency of welfarism arises when practical matters are brought into consideration. The question of whether ethical values are to be seen as embedded in the welfarist approach, and if so which, may be sensitive to different considerations when it is posed at the applied level. We might indeed claim that the way the framework is applied in practice may have an impact on our assessment

⁴ See, e.g., Robbins 1938, Harrod 1938, Cooter and Rappoport 1984, 1988, Hennisman 1988, Hammond 1991. For a comprehensive view of the issues concerning the measurement of utility, see Moscati 2018.

⁵ See, e.g., Infante, Lecouteux and Sugden (2016).

⁶ In particular, there is significant progress in the psychological foundations of the measurement of subjective well-being (Frey and Stutzer 2016).

of the ethical content of welfarism itself. This paper aims to bridge this gap: my aim is to explore how the concept of welfarism fares in the translation from the ethical domain into the technical.⁷

Let us use the term ‘ethical welfarism’ to refer to the theory’s moral or philosophical perspective on economic assertions, according to which individual utilities are all that matters in determining what social welfare is. Seeking to improve social welfare must involve taking into account individual utilities and, at the very least, not diminishing them. Bentham, for instance, builds his utilitarian theory on this idea, and aims to exclude from it any normative source other than the value of individual utilities. More generally, every philosophical welfare theory is supposed to provide a sound deliberative justification of what individual well-being should be, i.e., why a given notion of well-being is more appropriate than an alternative. Hence from this perspective we do not discuss which is the proper interpretation of utility, and we simply assume that ‘well-being’ and ‘utility’ are synonymous: we accept as a premise that there exists *some* persuasive justification for our adoption of whatever specific notion of utility that in the end we retain. From this perspective, then, the ethical claim of a given welfarist theory depends, as one would expect, on its ability to improve individual well-beings, as well as more specifically on the interpretation of individual well-being it adopts.

In contrast to the above, let us use the term ‘technical welfarism’ to mean the evaluation of economic assertions from the perspective of the given notion of well-being which has in practice been adopted, according to which it is individual utilities, so operationalized and as observed and measured in real situations, which are the only source of information used to measure social welfare. This is what is to be done in the evaluation of public policy or in issuing recommendations, irrespective of whether such evaluations or recommendations are themselves implied by the theory of welfare economics. For instance, most cost–benefit analyses appeal to individual preferences measured on the basis of willingness to pay or willingness to accept. Thus, besides that basic focus on well-being, the ethical content of a welfarist measure will also manifest some dependency on the information regarding well-being that is actually gathered.

Since welfarist assertions focus only on individual well-beings, the higher the individual well-beings in a social state, the better we judge this social state to be; and policies enhancing well-being are hence commended as the means to improve social states. Yet the co-existence of two different perspectives, ethical and technical, on what is ostensibly a single common doctrine, welfarism, is likely to generate unexpected difficulties. Let us say we defend, on some theoretical grounds, that well-being is x , while in practice, for various operational reasons, the

well-being measure we use is y ; we strongly expect—or assume—that the two measures x and y track each other, that is to say they tend to improve or decline in the same direction. If such is not the case, not only have we adopted a bad perception of well-being, but public decision makers may be enjoined to choose a policy which improves well-being as measured by y , whereas this very policy might decrease well-being understood as x —i.e., decrease well-being in the sense considered relevant and accordingly justified by the chosen ethical theory. In this specific case, the contradiction between the interpretations of well-being induces a violation of the main principle of welfarism: social welfare as measured is improving even though well-being is actually decreasing. Whether for the evaluation of states or for policy recommendations, such a situation is undesirable. The provision of reliable normative analyses of welfarism, both from the ethical and the technical perspective, is a necessary condition to be able to check whether the undesirable situation described above does indeed obtain.

This paper examines how these two perspectives on welfarism, ethical and technical, are articulated, what tensions may emerge from distinguishing them, and how these tensions may be resolved. To answer these questions, the paper contrasts different views regarding the duality of welfarism and challenges their underlying rationales. The first section develops the standard claim that there is no reason to be alarmed by the duality of welfarism, since the two facets are relevant at different stages and within different domains: evaluators first choose an ethical theory among the many that are available, and in a second step they operationalize it, assuming that the normative choice made at the ethical stage will be preserved at the stage of practice. By contrast, the second section presents the ‘proxy’ claim, according to which using genuine well-being, although it can claim impeccable ethical justification, would face technical difficulties in practice. Thus a convenient proxy for utility must be employed at the technical stage, subject of course to the constraint that the proxy selected does correlate with genuine well-being, and hence that we have a measure of utility which is capable of tracking well-being with an acceptable level of accuracy, however well-being may be conceived. The third section presents the ‘conditional evidential’ claim, namely the claim that in practice welfare economics should use preferences to measure individual utilities, even though these are not identical to well-being. One reason to accept this approach is it seems that preferences do provide sufficient evidence for well-being, i.e., well-being improves when preferences are satisfied, and deteriorates when they are not. Clearly, whether the normative analyses are conducted on the basis of a chosen ethical theory of well-being or with the actual information used to approximate well-being, each employs different basic information, and therefore each is likely to provide

outcomes that are distinct; in order to make sure the different measures covary (at least approximately), therefore, the conditional evidential claim requires that we frame the ethical conditions such that observed preferences are indeed a roughly reliable measure for social welfare. The fourth section presents the tension claim: even on the assumption that the ethical theory has well been chosen and the associated measure can be observed, the operational constraints in making such observations may obscure the most relevant information and guide evaluators to decisions that may have the effect of reducing the utility of the majority of people. This study thus issues a strong warning that the tension between the ethical and technical versions of welfarism is likely lead to misleading ethical implications.

1- The standard claim

In line with the condition, mentioned above, that the value judgements should be made clear and explicit (Mongin 2006), or, equivalently, what I have called the “transparency requirement” of the social welfare function approach (Baujard 2021), the ethical stage is standardly assumed to be axiologically transparent. This stage is simply an association of the framework with the value of individual well-being; or, more precisely, it is to say exactly what normative values from among a number of alternative potential interpretations of well-being are involved in the choice of a theory of well-being. Having deliberated and selected a desirable theory of well-being, evaluators then seek to provide an operational definition of this specific notion of well-being such that it can be measured (as an illustration, see, e.g. Adler 2019: 9, 20–21, ch. 2; Adler and Holtug 2019). Any recommendations deriving from this analysis can be “tied to specific goals and declared values. Prescriptions that are explicitly conditional on certain values and goals leave ample room for disagreement to the actors who do not share those values and goals” (Adler and Fleurbaey 2018: 444). This transparency guarantees that experts may “consciously think of their contribution as a component of the democratic debate” (Adler and Fleurbaey 2018: 448), while the latter is improved by the transparent analysis of the normative presuppositions of their assertions.

The standard view is that there are no grounds to distinguish the ethical and the technical versions of welfarism, apart from the fact they pertain to different domains and apply at successive stages. Ethical welfarism pertains to the justification stage, and belongs to the domain of moral or political philosophy. Technical welfarism pertains to the stage of application, and belongs to the domain of practical evaluation or decision making regarding public policies. The latter stage is intended to be a faithful translation of the ethical choices

made at the former, albeit now in a concrete setting. Obviously, both domains have their own specific requirements: ethical concerns in the former stage which might not mean much in practice, and the exigences of technical adaptation to context in the latter.

All in all, ethics and technique comprise two different domains; however, the technicalities play an ancillary role, restricted to applying the deliverances of the ethical stage without introducing bias. According to the standard claim, then, the technical stage does not engage any further ethical values in translating the ethical stage; as a result, the ethical load of the technical stage is exactly equivalent to that which was explicitly assumed at the ethical stage. Any further details arising due to the circumstances of application are “technical”.

Such an analysis is familiar to many, and echoes the general intuitive idea that technicalities are merely technicalities, and that ethics and technique may be kept separate. In the philosophical and sociological study of science, however, this claim is often challenged. Following this line of argument, we now call this familiar distinction into question for the case of welfare economics.

2- The proxy claim

Some supporters of welfarism claim there is a substantial distinction between the ethical and the technical versions of welfarism. According to what we may call the ‘proxy’ claim, an acceptable proxy for well-being, i.e., information that is well correlated with but in essence distinct from genuine well-being, should suffice in the context of technical welfarism. Due to operational constraints, the appeal to a proxy is likely to perform better than the consideration of actual well-being as regards the main goal, which is to improve well-being.

Bentham’s utility calculus provides a perfect illustration of the proxy claim (Bentham 1789). It is unquestionable that Bentham is an ethical welfarist, since he defends above all the essential and exclusive role of individual utility. Welfarism here implies an appeal to Bentham’s chosen interpretation of utility in the measurement of social welfare when designing utilitarian policies. Utility, according to Bentham, is defined through the utility calculus, which I have claimed (Baujard 2009)⁸ proceeds in three successive stages: the list of elementary pains and

⁸ Baujard (2009) provides a novel ‘reading’ of Bentham’s utility calculus, in which the philosophical justification and the operational application of the calculus are properly disentangled and defined. Since the influential work of Elie Halévy (1901, 1905), there has existed a standard reading, which here we may call the duality thesis, according to which Bentham sometimes defended a calculation based on the classification of pains and pleasures, and sometimes a calculation based on an arithmetic of pains and pleasures. While this distinction is historically significant, given the divergent influences of Bentham’s utilitarianism in the realms of law or economics, it is nonetheless questionable in the face of the numerous texts where the calculus is introduced. Baujard (2009)

pleasures; the weighting of the unit elements by different criteria; and, finally, the list of elementary circumstances affecting the sensitivity of individuals and allowing the integration of an idiosyncratic (yet not subjective) aspect to the measurement of pains and pleasures. Being an ethical welfarist within this framework amounts to affirming that only utilities measured in this manner count for the measurement of social welfare.

By contrast, when Bentham contemplates how judges, legislators and public decision-makers should evaluate social states, he considers a separate method of calculation. When considering the practical reality of measuring and deciding, Bentham identifies serious operational problems concerning the availability and reliability of information, in as much as it is tedious and expensive to gather the information on substantive utilities, and because such information is not directly available to, or is asymmetrically available or strategically manipulable by, the stakeholders. For these operational reasons, Bentham defends the need to appeal to a monetary standard, e.g., willingness-to-pay or willingness-to-accept, to measure the intensity of utility (Bentham 1822–43: 540–1). Furthermore, he adapts such measures for different individuals by identifying their secondary circumstances: the latter are objectively observable and hence do not raise the problems of the ideal calculus, and they convey the idiosyncratic features which allow the measure to be adapted to each individual. Information related to the monetary standard and the secondary circumstances are not *in themselves* utility, but rather constitute some satisfactory approximation of utility suitable for practical purposes (Bentham 1802a: 82–4).

Bentham suggests we should not resort to authentic utilities to measure social welfare: “the principle itself is not denied, but it is the application that is thought impossible” (Bentham 1802a: 82). At first sight it seems this technical choice cannot but be analyzed as non-welfarist, at least from the perspective of ethical welfarism. For operational reasons, other information apart from well-being is now countenanced for use within evaluations, precisely because using this distinct information is likely to be compatible with, or even serve, ethical welfarism. In this instance, ethical theories do not in practice need to measure well-being on the basis of the genuine definition of well-being; they rather need to appeal to some distinct information, measured by a proxy and adapted by reference to secondary circumstances. This measure in practice is used for operational reasons, although it is not justified a priori by ethical theories. Still, the appeal to proxies does have ethical implications, since the result itself will

rather defends that Bentham’s calculus is a single process embedding these different phases. This thesis seems to be accepted in the community today: we can now assert that Bentham defines utility in large part by appeal this calculus.

be better when judged from a utilitarian point of view—the ideal calculus being impracticable in the context. It is only necessary to prove that there is a strong correlation between actual well-being and the operational measure that is applied at the technical stage.

In a nutshell, then, the proxy claim first upholds that operational constraints generate serious difficulties as regards gathering real and reliable information on well-being which would then be measured according to the ethical theory of well-being. Second, evaluators should thus rely on information that is different from genuine well-being, in so far as it is still a satisfactory proxy for well-being.

3- The conditional evidential claim

In the welfarist welfare economics, social welfare typically depends on individual well-being only, while “economists traditionally adopt a preference view of well-being” (Adler 2019: 11)—i.e., the claim that an individual is better off in one outcome than in another if she prefers the first outcome.⁹ This amounts to believing that the ethical theory here chosen asserts that well-being is defined by the satisfaction of preferences, which implies that satisfying preferences is morally valuable, whatever the preferences.

However, Hausman and McPherson (2009) and Hausman (2012), among others,¹⁰ strongly challenge the view that welfare can be identified with preference satisfaction, enumerating at least six reasons for this: first, there can be false beliefs; second, people care about other things than their well-being, including altruistic or malevolent inclinations; third, there are preferences changes such that there is a need to select the relevant preference from among a number; fourth, there may be inconsistencies between individuals’ first-order and second-order preferences (the preferences over their preferences); fifth, recommendations would be meaningless in case of expensive or antisocial tastes; sixth, it is difficult to tackle cases of coercion, manipulation or any other problematic psychological mechanisms. Besides these problems, they reject a list of bad reasons which may be cited in support of the idea that welfare is preference satisfaction. They thus conclude that wellbeing and preferences are irrevocably distinct, which clearly challenges any ethical theory of wellbeing which considers preferences to be at the core of social welfare.

⁹ For an historical overview of the chosen interpretation of utility in economics and its impact on welfare economics, see Baujard (2017, 2014).

¹⁰On the difficulties of linking preferences with well-being, see, among others, Sen (1985), Agner (2010, 2018), Bykvist (2016)

Hausman and McPherson, however, claim this does not imply that preferences should not be used in welfare economics. They defend the claim that welfare economics should be independent of any philosophical theory of well-being. Welfare economics requires nothing more than an evidential connection between preferences and welfare, i.e., if preferences are sufficiently correlated to welfare, it is acceptable to use preferences in welfare economics, although they do not constitute well-being. In other words, technical welfarism and ethical welfarism are distinct and work differently. The notion of welfare used in practice is not the same as that notion of well-being that should count according to the chosen political theory of well-being.

The cloth of Hausman and McPherson's argument is woven from pragmatism, awareness and caution. For one thing, evaluators need a guide for policy-making, and preferences may provide sufficient evidence to help ensure decisions are more likely to be favorable for individual well-being. At the same time, however, preferences are not well-being, and hence Hausman (2012) raises concerns that using improper information in welfare economics involves risks: "to provide helpful information, those who do cost-benefit analysis must employ it cautiously and with good judgement. Bad advice is not always better than no advice." Hence the evidential claim cannot avoid special scrutiny. The ability to resolve the tensions between well-being (which is the ethical aim) and preferences (the technically available source of information) turns on specifying precisely which are the conditions under which preferences are to count towards the assessment of well-being; such conditions could include for example, being based on full information and true beliefs, exhibiting rationality, etc. According to these authors, in circumstances in which people are concerned with their own interests and where they are reasonably good judges of what will serve those interests, their preferences will be reliable indicators of what is good for them. Although welfare ontologically speaking is not preferences, preferences, if framed under certain conditions or having been subjected to a "laundering" process, may constitute a sufficiently reliable source of information for use in welfare economics. Although the definition of well-being used in both domains is indeed different, these conditions (and laundering processes) enable the restoration ex post of a link between technical and ethical welfarism,

Thus, to conclude, technical welfarism is not just the translation of ethical welfarism into another context; the technical stage is not meant to capture just any suitably reflective theory of well-being. It appeals to an utterly different source of information, which is able to

serve the aim of ethical welfarism only at the expense of imposing conditions which restore a satisfying correlation between ethics and technicalities.

4- The tension claim

The tension claim belongs to another line of argument that supports the distinction between ethical and technical welfarism, but which, as we will see, is more pessimistic as regards to the consequences of this distinction.

Let us for a moment admit, contrary to Hausman and McPherson's claim, that we are able to justify revealed preference theory as the proper political theory of well-being. A problem then occurs, however, because actual revealed preferences are limited to the alternatives in which agents do in fact choose (Reynolds and Paris 1979: 357–363, Hausman 2012: 27). We thus propose to take seriously the consequences of the restriction of the contexts of revelation of preferences to assess the quality and reliability of the information thereby conveyed. Behavioral observations under revealed preference theory typically provide comparisons limited to the context of observation. As we have seen previously, technical elements then convey unexpected difficulties: in particular, elicited preferences are limited to the alternatives belonging to the opportunity set actually faced by the individuals observed, rather revealed on the basis of a comprehensive map of all possible combinations of individual preferences in any choice contexts whatsoever. Observation does not provide the complete profile of individual preferences over the universal domain of states of affairs, as the data collection is restricted on two grounds: information about choices is considered at an aggregate level rather than at the level of individual well-being, and it is only defined over the actual choice sets faced by individuals, these being subsets of the universal domain.

A generic example based on transport choices is chosen to illustrate this issue. Let us imagine we observe that more than half of the population chooses the car over the bus when facing a choice set restricted to cars and buses, and more than half chooses the taxi over the metro when facing the choice set restricted to taxis and metro: the revealed preference theory hence concludes that the population largely prefers cars over buses, and taxis over metro. A difficulty occurs when it then pretends to conclude that the population prefers the combination including cars and taxis over that including buses and metro, as such a result is indeed not included in the observed data. A combination of modes may impact the reasons for choice, following Reynolds and Paris's argument (1979); individual preferences may be impacted by possible complementarities between transportation modes. No reliable information on

preferences over combinations of modes is available when restricting our attention to pairwise choice contexts. Pursuing this line of argument, Baujard (2006) elaborated a model of public economics tools to study the problems generated by welfarist decisions within the framework of revealed preference theory, inspired by a technique introduced by Saari and Seiberg (2001) in voting theory to compute the occurrence of paradoxes under different assumptions over the distribution of preferences. The model is able to measure, on the basis of the reliable information that can be gathered from choice contexts, the probability of each possible consistent utility profiles.

Considering a weak assumption on the distribution of preferences, preferences are uniformly distributed over the universal domain of modes. With a preference of 56% of the population for cars over buses and 52% for taxis over the metro, the model enables us to compute that the probability that more than half of the population actually prefers cars and taxis over buses and metro is only 4.55%. If the number of choice contexts increases, or if the assumption on the distribution of preferences is a normal distribution rather than a uniform distribution, the problem is exacerbated. For data based on more than three pairwise choice contexts, following the majority of preferences on the choice set would violate the preference of a majority of agents over the universal sets of alternatives. Evaluators may hence be tempted to support a ranking of social states (based on a utility profile on restricted available choice sets) under welfarist justifications, which may prove, under certain realistic operational conditions, to be contrary to the utility of a majority of individuals (based on their choices made over the universal domain of alternatives).

Revealed preferences have been here taken as an example to show the constraints that may exist at the applied stage. The problem we have highlighted with revealed preference theory is due to the fact that the full picture of preferences is not accessible to reliable observation and measurement as this technique, as it is embedded in certain contexts of observation of choices, lead us to ignore a part of actual preferences. As a consequence, the decisions taken on the basis of such partial or biased information are likely to be in contradiction with these actual preferences.

Other techniques of elicitation of preferences are currently used in applied welfare economics in addition to revealed preferences. These methods of elicitation of preferences rely on surveys where respondents answer a questionnaire regarding individuals' subjective perception, their hypothetical behavior in a plausible experimental situation, or their hypothetical valuation of such situation. There is however no guarantee that stated preferences

will never fail where revealed preferences does. Contingent valuation may ignore or violate some of the target preferences because of strategic behaviors (Samuelson 1954), endowment effects (Kahneman, Knetsch, and Thaler 1990, 1991), anchoring effects (Randall, Ives, and Eastman 1974), and so on (see, e.g., Diamond and Hausman 1994, Bhanzhaf 2017). In happiness studies, the correlation between actual preferences and elicited preferences also raises skepticism as far as, at least, questionnaires on happiness strongly depend on the framing of questions and on the choice of scales (Fleurbaey and Blanchet 2013). Whether these alternative methods may still provide useful information is not to be disputed here, but we cannot ignore that a wide and diverse literature casts doubts that the tension issue could be easily bypassed.

According to the tension claim, the operational conditions of gathering information generates technical issues. Depending on the practical contexts of gathering and treating information, difficulties and paradoxes may occur. As a consequence, ethical utilities may translate poorly into technical utilities, and an intractable tension emerges between ethical welfarism and technical welfarism. The normative load of ethical welfarism does not guarantee any information on the associated technical welfarism. In the course of discussing the previous claims we described the evolution of the notion of well-being from theory to practice, but the tension claim now insists on the potential violation of the principle of improving individual well-being no matter how it is defined. This situation may be misleading for evaluators as the appeal to ethical welfarism fails to guarantee their ability to derive reliable information and transparent normative conclusions from the observable and available data.

5- Discussion and conclusion

In the social welfare function approach, the specification of the normative load of an evaluation or of a recommendation ought to be entirely exhausted by the transparent axiomatic analysis of the social welfare function or index thereby employed. Ethical welfarism and technical welfarism provide a framework to scrutinize the normative load of an economic assertion respectively in theory and in concrete contexts. The articulation between them specifically governs the evolution of welfarism ‘in the making’. This paper illustrates three widespread views about how this articulation is to be understood, and introduces a fourth one.

According to “the standard claim”, technical welfarism is merely a translation of ethical welfarism into a distinct domain; no specific effort is required to study which ethical values are conveyed once a given welfarist social welfare function is being used in practice. Once we

consider the fact that information on genuine well-being is hard to gather in practice, however, this intuitively appealing view is then undermined by more convincing counterclaims. According to “the proxy claim”, technical welfarism is based on substantially different sources of information than genuine well-being, the former being only a means to provide the best approximation of the latter in the presence of operational constraints. According to the “conditional evidential claim”, welfare does not amount to preference satisfaction, although using preferences as approximations for welfare is desirable in practice, provided that some normative conditions over the ethical acceptability of the gathered data are met.

The conditions under which the appeal to certain information in technical welfarism can be considered reliable are based on either a positive confirmation of the correlation between such information and genuine utilities—in the proxy claim—or on a normative condition—in the conditional evidential claim. Notably, these two claims are distinct provided we assume that the discussion of the correlation in the proxy claim belongs only to the domain of technicalities; but this assumption may be challenged. To continue our example, Bentham mentions that legislators and judges are entitled and indeed encouraged to check whether the proxy does properly respect the utility principle (Bentham 1802a: 84). In other words, whether the correlation holds relies in the end on the ability to check whether ethical conditions are met. The distinction between both views begins to fade as ethical issues arise in the concrete context under consideration.

Finally, we elaborated a fourth view, which we called “the tension claim”. Rather than expecting satisfying correlations, this view insists on the possibility that, due to the actual conditions of gathering information, a policy might seem to be improving welfare, as technically measured, when it is actually decreasing genuine welfare, as ethically defined; and the converse. In the terminology introduced in this paper, technical welfarism is liable to violate ethical welfarism. As a result, analyzing the normative load of a welfarist claim on the basis of ethical considerations only concerning the social welfare function is not self-sufficient, and is potentially misleading. This makes a case for extending the analysis of the normative load to the applied level, rather than restricting it to the ethical level.

What we can learn from these particular views is therefore of widespread application. On the one hand, when the value of well-being is justified from the philosophical perspective, we feel intuitively that welfarist measures of well-being are able to reflect this notion of well-being without any bias. This perspective strictly conforms to the transparency requirement regarding values in welfare economics. But this intuitive approach does not hold when the

concrete context is taken into account, as non-welfarist approaches may in practice fare better than welfarism.

On the other hand, in order to justify the concept of well-being used in welfare economics or, alternatively, to properly interpret the normative load of the welfarist approach that is employed, the unveiling process should not concern so much the *ex-ante* debate on ethical welfarism, but also the *ex-post* debate on technical welfarism. In order to serve well-being—as is enjoined by any ethical welfarist doctrine—the consideration of operational difficulties pushes us to take appropriate precautions: the information to be used in practice might not be the justified notion of well-being, only the best approximation in the specific context of the scientific implementation of the tools of welfare economics. Hence the issue of selecting the relevant information for welfare economics or analyzing the ethical load of evaluations is not only a problem of political philosophy, but also an issue for the sociology of science.¹¹ Conversely, any reflection on practical matters raises normative debates of its own.

As a tentative conclusion, we suggest that the issue of ethical transparency ought to be pushed further, beyond the exclusive domains of political philosophy and the formal analysis of the social welfare function, so as to encompass the concrete arena of application.

References

- Adler, M., & Fleurbaey, M., Eds. *The Oxford Handbook of Well-being and public policy*. Oxford University Press, 2016.
- Adler, M., & Fleurbaey, M. In pursuit of social progress. *Economics and Philosophy* 34 (2018), 443–449.
- Adler, M. *Measuring Social Welfare: An Introduction*. Oxford University Press, 2019.
- Adler, M., & Holtug, N. Prioritarianism: A response to critics. *Politics, Philosophy & Economics* 18, 2 (2019), 101–144.
- Angner, E. Subjective well-being. *Journal of Socio-Economics* 39, 3 (2010), 361–368.
- Angner, E. What preferences really are. *Philosophy of Science* 85, 4 (2018), 660–681.
- Banzhaf, H. S. Constructing Markets: Environmental Economics and the Contingent Valuation Controversy *History of Political Economy* 49, annual suppl. (2017), 213–239.
- Baujard, A. L'estimation des préférences individuelles en vue de la décision publique. Problèmes, paradoxes, enjeux. *Economie et Prévision* 175–176, 4–5 (2006), 51–63.
- Baujard, A. A return to Bentham's felicific calculus: From moral welfarism to technical non-welfarism', *The European Journal of the History of Economic Thought* 16, 3 (2009), 431–453
- Baujard, A. Value judgments and economics expertise. *Working Paper GATE Lyon Saint-Etienne*, WP 1314 (2013). (<ftp://ftp.gate.cnrs.fr/RePEc/2013/1314.pdf>link).
- Baujard, A. A utility reading for the history of welfare economics. Mimeo GATE Lyon Saint-Etienne, 2014.
- Baujard, A. Le bien-être et les valeurs en économie. Perspectives historique, expérimentale et philosophique. Mémoire d'Habilitation à Diriger des Recherches, Université de Lyon, 2015.

¹¹Similar arguments in favor of a science of ethics in applied contexts have been provided by Rudner (1953), Baujard (2013), and Martini (2014).

- Baujard, A. L'économie du bien-être est morte. Vive l'économie du bien-être ! In *Philosophie économique*, G. Campagnolo and J.-S. Gharbi, Eds. Editions Matériologiques, 2017, chap. 2, 77–128.
- Baujard, A. Values in welfare economics. In Heilmann, C. & Reiss, J. *The Routledge Handbook of Philosophy of Economics*, Routledge, 2021, chap. 15, 211–222. (Available as WP 2112 GATE Lyon Saint-Etienne at <ftp://ftp.gate.cnrs.fr/RePEc/2021/2112.pdf>)
- Bentham, J. *Introduction to the principles of morals and legislation*. 1789. Edition Blackwell's political texts. Oxford: Blackwell, 1967.
- Bentham, J. 1822. *Codification proposal*. In J. Bowring (Ed.), *The works of Jeremy Bentham*. Part IV. Edimburgh: Tait, 1843: 535–94, 1872.
- Bentham, J. *Traité de législation civile et pénale*, vol. 1: Principes de législation. Rey et Gravier, Libraires, Paris, 1802. E. Dumont Ed., 1830.
- Bykvist, K. Preference-based views of well-being. In *The Oxford Handbook of Well-being and public policy*, M. Adler and Fleurbaey, M. (Eds.) NY: Oxford University Press, 2016.
- Cooter, R. & P. Rappoport. Were the ordinalists wrong about welfare economics, *Journal of Economic Literature* 22, 2 (1984), 507–530.
- Diamond, P. A., & J. A. Hausman. Contingent Valuation: Is Some Number Better than No Number? *Journal of Economic Perspectives* 8, 4 (1994), 45–64.
- Fleurbaey, M., & Blanchet, D. *Beyond GDP: Measuring welfare and assessing sustainability*. New York, NY: Oxford University Press, 2013.
- Frey, B. S., & Stutzer, A. Policy consequences of happiness research. In Bartolini, S., Bilancini, E., Bruni, L. & Luigi Porta, P. (Eds.), *Policies for Happiness*, Oxford: Oxford University Press, 2016: 21–35.
- Griffin, J. *Well-being: Its meaning, measurement, and moral importance*. Oxford: Clarendon, 1986.
- Halévy, E. *La formation du radicalisme philosophique*, vol. 1. Alcan, 1901. Edition, PUF, 1995.
- Halévy, E. *La formation du radicalisme philosophique: Le radicalisme philosophique*, vol. 3. Alcan, 1904. Edition, PUF, 1995.
- Hammond, P.J. Interpersonal comparisons of utility. Why and how they are and should be made. In J. Elster & J.E. Roemer (Eds.), *Interpersonal comparisons of well-being*, Cambridge, MA: Cambridge University Press, 1991, chap. 7.
- Harrod, R.F. Scope and method of economics. *Economic Journal* 48 (1938), 383–412.
- Haslett, D. W. What is utility ? *Economics and Philosophy* 6 (1990), 65–94.
- Hausman, D. M. *Preferences, value, choice, and welfare*. Cambridge, MA: Cambridge University Press, 2012.
- Hausman, D. M., and MacPherson, M. S. Preference satisfaction and welfare economics. *Economics and philosophy* 25 (2009), 1–25.
- Hennipman, P. A new look at the ordinalist revolution: Comments on Cooter and Rappoport, *Journal of Economic Literature* 26, 1 (1988), 80–85.
- Hicks, J. *Essays in world economics*. The Clarendon Press, Oxford, 1959.
- Infante, G., Lecouteux, G. & Sugden, R. Preference purification and the inner rational agent: a critique of the conventional wisdom of behavioural welfare economics, *Journal of Economic Methodology* 23, 1 (2016), 1–25.
- Kahneman, D., J. Knetsch, & R. H. Thaler. Experimental Tests of the Endowment Effect and the Coase Theorem. *Journal of Political Economy* 98, 6 (1990), 1325–48.
- Kahneman, D., J. Knetsch, & R. H. Thaler. Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias. *Journal of Economic Perspectives* 5, 1 (1991), 193–206.
- Martini, C. The role of experts in the methodology of economics, *Journal of Economic Methodology* 21, 1 (2014) 7–91.
- Mongin, P. L'axiomatisation et les théories économiques, *Revue économique* 54, 1 (2003), 99–138.
- Mongin, P. Value Judgments and Value Neutrality in Economics, *Economica* 73, 290, (2006), 257–286.
- Moscati, I. *Measuring utility: from the marginal revolution to behavioral economics*. NY: Oxford University Press.
- Randall, A., B. Ives, & C. Eastman. Bidding Games for Valuation of Aesthetic Environmental Improvements. *Journal of Environmental Economics and Management* 1 (1974), 132–49.
- Rappoport, P. Reply to Professor Hennipman. *Journal of Economic Literature* 26, 1 (1988), 86–91.

- Reynolds, J. & Paris, D. The concept of choice, and Arrow's theorem. *Ethics* 89 (1979), 354–371.
- Robbins, L. Interpersonal comparisons of utility. *Economic Journal* 48 (1938), 635–641.
- Rudner, R. The scientist qua scientist makes value judgments. *Philosophy of Science* 20, 1 (1953), 1–6.
- Saari, D. G. & Sieberg, K. K. The sum of the parts violates the whole. *American Political Science Review* 95, 2 (2001), 415–433.
- Samuelson, P. A. The Pure Theory of Public Expenditures. *Review of Economics and Statistics* 36, 4 (1954), 387–89.
- Sen, A. K. *Collective Choice and Social Welfare*, Cambridge (MA): Harvard University Press, 1970, Expanded edition 2017.
- Sen, A. Well-being, agency and freedom: The Dewey lectures 1984. *The Journal of Philosophy* 82, 4 (1985), 169–221.
- Sen, A. K. On weights and measures: Informational constraints in social welfare analysis. *Econometrica* 45 (1977). New ed. A. K. Sen, *Choice, Welfare and Measurement*, Cambridge: MIT Press, 1982.
- Sen, A. K. Personal utilities and public judgements: Or what's wrong with welfare economics? *Economic Journal* 89, 355 (1979a), 537–558.
- Sen, A. K. Utilitarianism and welfarism. *The Journal of Philosophy* 76, 9 (1979b), 463–489.
- Sugden, R. *The community of advantage. A behavioural economist's defence of the market*. Oxford: Oxford University Press. 2018.
- Sumner, L. W. *Welfare, happiness, and ethics*. Oxford: Clarendon Press, 1996.
- Tiberius, V. Well-being: Psychological research for philosophers. *Philosophy Compass* 1, 5 (2006), 493–505.
- van der Deijl, W. Can welfare be measured with a preference-satisfaction index? *Journal of Economic Methodology* 25, 2 (2018), 126–142.