

**UNDERSTANDING THE CONCEPT OF UTILITARIANISM IN CONTEXT OF
PHILOSOPHY AND WELFARE**

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Abstract

The paper examines the concept of Utilitarianism with a multidisciplinary approach. It emphasizes the role of Utilitarianism in welfare economics and examines how utilitarianism plays a fundamental role in strengthening the concept of welfare economics and defining social welfare functions. It also highlights the limitation of this approach and explains alternative approaches as available in existing literature that solves the issues related to utilitarian approach of social welfare. The paper suggests that policy makers should incorporate different theories and approaches to address the multifaceted challenges of social welfare.

Keywords Utilitarianism, Social Welfare Function, Welfare Economics

Introduction

The history of European ethics begins with the Greek philosophers. Socrates started moral philosophy by asking ‘what is virtue?’ For Plato, we use our mind to grasp the idea of the Good, things are good insofar as they follow the objective pattern of Good that our mind grasps. Once we know the actual meaning of good then we will be virtuous and act rightly. Aristotle developed this thought further, for him reason has two main uses, to think and to act. The excellent exercise of reason (either in thinking or in acting) is called ‘virtue’. For Aristotle, we are not born with the virtues, instead virtues come from practice. To be virtuous is not just to act in a certain way; it also involves acting for the right reasons, determined by a rational principle. In short, virtue is rational moderation.

Now question arises what kind of things are good? What kind of action should we perform? How we decide what to do and what not to do? Say, I am in a situation in which I have to spend the evening with a friend, but then someone called me and said she needs my help as her mother is hospitalized. How do I decide what to do, how do I measure the importance among these two different options.

Objectives of Study

1. The study aims at understanding the basic concept of utilitarianism, the history and origin of utilitarianism
2. The role of utilitarianism: How is utilitarianism likely to apply in practice?
3. Application of the concept of Utilitarian approach in the field of welfare economics and identifying the alternative approaches.

The Concept of Utilitarianism

Utilitarianism provides a clear framework for addressing various issue. It involves considering all possible courses of action and evaluating the associated costs and benefits for each one. The optimal course of action is the one with greatest balance of benefits over costs. This approach simplifies decision-making by approaching it as an empirical process, based on factual analysis rather than subjective factors. Utilitarianism places great importance on accurately assessing costs and benefits in order to determine the most effective course of action.

Whereas hedonism holds that only pleasure is intrinsically good. According to hedonism, ‘Hedone’ or pleasure is the ultimate standard of morality. The Cyrenaics categorically said that a good action is one which gives pleasure. Now there is a difference between what you prefer and what is of value to you in attainment of some goal, which promotes a goal or end independently of one’s interest or preference. When I value something, I would say, yes, I prefer it or I like it. The dog values the bone more than he does the grass. But the cow values the grass more than the bone. Similarly, we say to a student it would

be of value to you to study instead of playing football. So, there is a difference between what you prefer and what is of value to you. Hedonism caters to own good whereas utilitarians target a wider group, it holds that the action that produces the most utility for maximum number is the only good.

So based on this theory there are two kinds of Hedonism: egoistic and altruistic. According to altruistic hedonism, universal or general happiness i.e. 'the greatest happiness of the greatest number' is the ultimate moral standard. Jeremy Bentham and John Stuart Mill advocate the view. Ethics had been further divided into two categories, deontological and teleological theories. Teleological theories are identical with the consequence theories. They hold that the rightness and wrongness of an action depends on its consequences or results.

A Deontological theory holds that the rightness and wrongness of an action depends on the action itself and not on the consequence it produces. Pleasure and happiness are considered intrinsically good not situational, conditional, apart from consequences. The strict deontological view holds that it is the action itself and not its consequences which are intrinsically right or wrong. An action like speaking the truth is right and demands that justice be done, even though the heavens may fall in consequence. Utilitarianism is a consequentialist theory, meaning that it focuses on the consequences of actions rather than their inherent moral value as argued by deontologists. According to the utilitarian approach to ethics, the right action is the one that has the best consequences that creates the greatest balance of happiness over unhappiness. According to utilitarianists it is the happiness or well-being of sentient beings that is the most valuable things. Basically, utilitarianism is rooted in a concern about happiness and welfare.

Utilitarianism and Welfare Economics

The Utilitarianism approach strengthens the concept of welfare in economics. The philosophical understanding of the concept of Utilitarianism underpins the Social Welfare Theories and Functions in economics which defines a best action as one that maximizes the happiness of the larger masses. The concept defines the society's evaluation and decisions on resource allocations, policy making and welfare programs and schemes in context of maximizing total utility and social welfare.

Welfare economics aims at maximizing the total utility or happiness of all the individuals in the society. A policy or action that fosters the maximum welfare and happiness of the society as a whole is the optimal solution. In this solution there might be a tradeoff where some individuals may lose but if it is for the greater good and the net effect after accommodating the worse off candidates is positive, the action is considered to be a beneficial one.

In order to evaluate the benefits and impact of a policy or an action it is imperative to consider its impact on social welfare. Social welfare can be expressed mathematically as welfare functions. The functional representation of collective welfare that takes into account utility of all the individuals is called Social Welfare Functions (SWFs). It is a measure of overall utility of a society derived by adding up the utility of all the individuals that belongs to the given society. These functions are helpful in evaluating the impact of a policy, action or a program on the collective wellbeing and happiness.

A Social Welfare Function exhibits Pareto efficiency where no one can be made better off without making someone else worse off. It prioritizes Pareto superior alternatives to all other available outcomes. It is additive in nature that is the utilitarian Social Welfare Functions are obtained by adding the utilities of the individuals which means that utilities are comparable and additive. It is based on cardinal measure of utilities. Cardinal measure has advantage over ordinal utility measures as cardinal measures satisfy the property of additivity and results in error free aggregation. Equity is another important foundation for Social Welfare Functions which ensures just and fair distribution and allocation of resources. Thus Pareto efficiency, additivity, cardinal measure of utilities and equity and the foundation properties of a social welfare functions.

There are different types of social Welfare Functions discussed in literature. A Social Welfare Function in its simplest form is represented as Utilitarian Social Welfare Function also known as Benthamite Social Welfare Function named after the famous philosopher Jeremy Bentham. The utilitarian form adds up the utilities of all the individuals who belong to a society. Each individual's utility gets an equal weight and importance and the aim is to maximize the overall aggregate level of wellbeing and

happiness. It is represented as:

$$W = \sum U_i \text{ Where } i= 1 \text{ to } n.$$

The aim is to maximize W the total welfare, U_i represents individual utility, i refers to individual and n is the number of total individuals.

Utilitarian Social welfare function focuses on outcome and does not emphasize on the process or intentions behind the end result. The two important features of Utilitarian SWFs are its simplicity in terms of simple aggregation and maximization of total welfare and outcome oriented approach. Second, The Utilitarian approach aims at achieving maximum total utility and thus ensures efficiency that results in maximum overall wellbeing and happiness. However it neglects the distributional concerns. An action that benefits a few but adds a lot to total utility is consider as a desirable even if it is producing many worse off agents but still results in increase total utility taking them all together. Hence it lacks in accommodating equity and fairness and at times might even result in injustice and violation of interests of many when the net benefits of a policy still remains positive.

The other types of alternatives to Utilitarianism that cover up for the limitation of utilitarian Social Welfare Concept include Rawlsian Welfare approach; it is based on famous American philosopher John Rawls philosophy which emphasizes on maximizing the utility of the least well off individual. It is represented as:

$$W = \min [U_1, U_2, U_3 \dots \dots U_N]$$

Where W refers to welfare and U_i refers to individual utilities.

It thus focuses on equity and just distribution of resources among individuals. The egalitarianism and prioritarianism approach also focuses on equity and distributional concerns. It emphasizes on minimizing disparity and ensures fair and just distribution and allocation of resources among individuals. Similar to Rawlsian approach, the prioritarianism approach gives greater weightage to worse off agents of the society and aims at improving the welfare of the vulnerable and worse off individuals, thus ensuring fairness and just distribution of resources. These alternative approaches may costs efficiency on account of equity.

The Social Welfare Functions have implications in different fields of welfare economics. It can be applied in policy evaluation where SWFs helps in assessing the impact of policy change or implementing a new policy, tax structure or subsidy structure changes, introduction of different social benefit programs on social welfare also defines as welfare of the society as a whole. It is also used in determining the most efficient distribution and allocation of resources that holds up to the principle of equity and fair distribution and allocation. SWFs also establish the structure for cost benefit analysis and assess the net overall effect of an action on social welfare.

Conclusion

Utilitarianism is the foundation and forms the essence of the concept of welfare and Social Welfare functions in economics. It ensures efficiency as it aims at maximizing the overall wellbeing and level of happiness .But, considering the net effect which includes both the disadvantageous group (the worse offs) and beneficiaries of a particular policy introduction or action results in the evils of equity and fair distribution. The concept highlights this tradeoff between efficiency and equity and suggests the alternative approaches to accommodate other theories to balance the outcomes for efficiency and equity considerations and solving the complex issues related to social welfare.

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